



**California Board of Accountancy**  
2450 Venture Oaks Way, Suite 300  
Sacramento, CA 95833

*phone:* (916) 263-3680    *fax:* (916) 263-3675    *web:* [www.cba.ca.gov](http://www.cba.ca.gov)



## OFFICIAL NOTICE AND MEETING AGENDA OF THE CALIFORNIA BOARD OF ACCOUNTANCY

**Thursday, January 14, 2021, beginning at 10:00 a.m.**

The California Board of Accountancy will hold a public meeting via a teleconference platform. Pursuant to the provisions of Governor Gavin Newsom's Executive Order N-29-20, dated March 17, 2020, a physical meeting location is not being provided.

**INSTRUCTIONS FOR PARTICIPATION:** For all those who wish to participate or observe the meeting on Thursday, January 14, 2021, please log on to this website:  
<https://dca-meetings.webex.com/dca-meetings/onstage/g.php?MTID=e79694e56a6f2a0e0e45ce1a6d9ee5891>

Instructions on how to observe and participate in the meeting using the WebEx platform can be found on the California Board of Accountancy's [website](#).

Members of the public may, but are not obligated to, provide their names or personal information as a condition of observing or participating in the meeting. When signing into the WebEx platform, participants may be asked for their name and email address. Participants who choose not to provide their names will be required to provide a unique identifier, such as their initials or another alternative, so that the meeting moderator can identify individuals who wish to make public comment. Participants who choose not to provide their email address may utilize a fictitious email address in the following sample format: [XXXXX@mailinator.com](#).

Public comments will be limited to five minutes per person unless, in the discretion of the California Board of Accountancy President, circumstances require a shorter period. Members of the public will not be permitted to "yield" their allotted time to other members of the public to make comments.

The meeting is accessible to individuals who are physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Rebecca Reed at (916) 561-1716, or email [rebecca.reed@cba.ca.gov](mailto:rebecca.reed@cba.ca.gov), or send a written request to the California Board of Accountancy at 2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.



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**CBA MISSION: To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards**

**DEPARTMENT OF CONSUMER AFFAIRS  
CALIFORNIA BOARD OF ACCOUNTANCY**

**TELECONFERENCE MEETING AGENDA**

**Thursday, January 14, 2021  
10:00 a.m. – 5:00 p.m.**

**Important Notice to the Public**

All times indicated, other than those identified as “time certain,” are approximate and subject to change. **Action may be taken on any item on the agenda.** Agenda items may be discussed and action taken out of order at the discretion of the California Board of Accountancy President for convenience, to accommodate speakers, or to maintain a quorum. Identified presenters are subject to change. The meeting may be canceled without notice. For verification of the meeting, call (916) 263-3680 or access the California Board of Accountancy’s [website](http://www.cba.ca.gov).

**Agenda Item.**

Thursday,  
January 14,  
2021

**Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks (Nancy J. Corrigan, CPA, President).**

**10:00 a.m. –  
10:10 a.m.**

- I. Public Comments for Items Not on the Agenda.

**10:10 a.m. –  
11:00 a.m.**

- II. Report of the President (**Nancy J. Corrigan, CPA, President**).

- A. Presentation From Colleen K. Conrad, CPA, Executive Vice-President and Chief Operating Director, National Association of State Boards of Accountancy, Regarding ProProctor.
- B. Discussion Regarding Remote Proctored Examination Administrations (**Michelle Center, Chief, Licensing Division**).
- C. Report of the Leadership Roundtable Meeting Regarding California Board of Accountancy Activities for 2021.

**Agenda Item.**

- D. Discussion and Possible Action Regarding the California Board of Accountancy's Executive Officer Salary Increase.
- E. Resolution for Retired Enforcement Advisory Committee Member, William J. Donnelly, CPA.
- F. Announcement of the New Committee and Liaison Assignments.
- G. Discussion and Possible Adoption of the Proposed 2022 California Board of Accountancy Meeting Dates and Locations (**Rebecca Reed, Board Relations Analyst**).
- H. Overview of the California Legislative Process and the Legislative Committee's Role (**Written Report Only**).
- I. Update on California Board of Accountancy Legislative Proposals for 2021 (**Patrick Ibarra, Information and Planning Officer**).
- J. Legislative Items for Future Meetings. The California Board of Accountancy may discuss other items of legislation in sufficient detail to determine whether such items should be on a future Legislative Committee agenda and/or whether to hold a special meeting of the Legislative Committee to discuss such items pursuant to Government Code section 11125.4 (**Patrick Ibarra, Information and Planning Officer**).
- K. Department of Consumer Affairs Director's Report on Departmental Activities (**Department of Consumer Affairs Representative, Office of Board and Bureau Services**).
- L. Presentation From John W. Johnson, Director of Legislative Affairs, National Association of State Boards of Accountancy and Marta Zaniewski, Vice President of State Regulatory and Legislative Affairs, American Institute of Certified Public Accountants, Regarding the Alliance for Responsible Professional Licensing.

11:00 a.m. –  
11:10 a.m.

- III. Report of the Vice-President (**Michael M. Savoy, CPA, Vice-President**).
  - A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee.
  - B. Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee.

**Agenda Item.**

- C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.

**11:10 a.m. –  
11:25 a.m.**

- IV. Report of the Secretary/Treasurer (**Mark J. Silverman, Esq., Secretary/Treasurer**).

- A. Discussion of the First Quarter Financial Report for Fiscal Year 2020-21.

- B. Discussion of the Governor's Proposed Budget for Fiscal Year 2021-22.

**11:25 a.m. –  
11:40 a.m.**

- V. Report of the Executive Officer (**Patti Bowers, Executive Officer**).

- A. Review and Approval of Proposed Changes to the CBA Member Guidelines and Procedures Manual (**Deanne Pearce, Assistant Executive Officer**).

- B. Update on the California Board of Accountancy's Communications and Outreach (**Patrick Ibarra, Information and Planning Officer**).

**11:40 a.m. –  
11:45 a.m.**

- VI. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.

- A. Enforcement Advisory Committee (**Doug Aguilera, CPA, Chair**).

1. Report of the December 3, 2020, Enforcement Advisory Committee Meeting.

- B. Qualifications Committee (**Nasi Raissian, CPA, Chair**).

There is no report on this agenda item.

- C. Peer Review Oversight Committee (**Renee Graves, CPA, Chair**).

1. Report of the December 11, 2020, Peer Review Oversight Committee Meeting.

**11:45 a.m. –  
12:00 p.m.**

- VII. Report of the Enforcement Chief (**Dominic Franzella, Chief, Enforcement Division**).

- A. Enforcement Activity Report.

**Agenda Item.**

12:00 p.m. –  
1:00 p.m.

Lunch

1:00 p.m. –  
1:15 p.m.

VIII. Report of the Licensing Chief (**Michelle Center, Chief, Licensing Division**).

A. Licensing Activity Report.

1:15 p.m. –  
1:20 p.m.

IX. Meeting Minutes (**Nancy J. Corrigan, CPA, President**).

A. Adoption of the Minutes of the November 19, 2020, California Board of Accountancy Meeting.

B. Acceptance of the Minutes of the October 8, 2020, Enforcement Advisory Committee Meeting.

C. Acceptance of the Minutes of the August 14, 2020, Peer Review Oversight Committee Meeting.

1:20 p.m. –  
1:40 p.m.

X. Other Business.

A. American Institute of Certified Public Accountants.

1. Report on Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.

a. Business Environment and Concepts Subcommittee (**Nancy J. Corrigan, CPA, President**).

b. State Board Committee (**Katrina L. Salazar, CPA**).

B. National Association of State Boards of Accountancy.

1. Report of the National Association of State Boards of Accountancy Pacific Regional Director (**Katrina L. Salazar, CPA**).

2. Report on Activities of Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member or Staff.

a. Continuing Professional Education Committee (**Nancy J. Corrigan, CPA, President**).

**Agenda Item.**

b. Relations With Member Boards Committee (**Katrina L. Salazar, CPA, Chair**).

c. Strategic Planning Task Force (**Patti Bowers, Executive Officer**).

3. Discussion and Possible Ratification of Staff Responses to the National Association of State Boards of Accountancy's Focus Questions (**Rebecca Reed, Board Relations Analyst**).

1:40 p.m. –  
1:45 p.m.

XI. Closing Business (**Nancy J. Corrigan, CPA, President**).

A. Agenda Items for Future California Board of Accountancy Meetings.

1:45 p.m. –  
1:55 p.m.

Break.

1:55 p.m. –  
5:00 p.m.

XII. Closed Session: Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Convene into Closed Session to Receive Advice From Legal Counsel on Litigation.

A. *Sam Walker and Sam Walker CPA, Inc. v. Department of Consumer Affairs, California Board of Accountancy, and the Office of Administrative Hearings*, Los Angeles County Superior Court, Case No. BS171533.

B. *Lanfeng Zhao and ELZ Accountancy Corporation v. California Board of Accountancy*, Los Angeles Superior Court, Case No. 18STCP02951.

C. *Michael D. Robinson v. California Board of Accountancy*, San Francisco County Superior Court, Case No. CPF-19-516602.

XIII. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy Will Convene into Closed Session to Deliberate on Enforcement Matters.

Adjournment.

In accordance with the Bagley-Keene Open Meeting Act, all meetings of the California Board of Accountancy are open to the public. While the California Board of Accountancy intends to webcast this meeting, it may not be possible to webcast the entire open meeting due to limitations on resources or technical difficulties.

\*Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the California Board of Accountancy prior to the California Board of Accountancy taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the California Board of Accountancy, but the California Board of Accountancy President may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the California Board of Accountancy to discuss items not on the agenda; however, the California Board of Accountancy can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

The meeting is accessible to individuals who are physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Rebecca Reed at (916) 561-1716, or email [rebecca.reed@cba.ca.gov](mailto:rebecca.reed@cba.ca.gov), or send a written request to the California Board of Accountancy Office at 2450 Venture Oaks Way, Suite 300, Sacramento, CA 95833. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.



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**CBA Item II.B.**  
January 14, 2021

## **Discussion Regarding Remote Proctored Examination Administrations**

**Presented by: Michelle Center, Chief, Licensing Division**

### **Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with the opportunity to discuss the use of remote proctoring during times of emergency when in-person testing is not feasible. Remote proctoring would allow candidates to take the Uniform Certified Public Accountant Examination (CPA Exam) outside of a test center.

### **Consumer Protection Objectives**

The practice of public accountancy has been determined an essential function and it is in the consumer's best interest to have access to licensed certified public accountants (CPAs), thereby upholding the CBA's mission to protect consumers. During times of emergency, remote proctoring may provide safe access to applicants taking the CPA Exam, which is a requirement for CPA licensure.

### **Action(s) Needed**

No specific action is required on this agenda item, although staff welcome input that CBA members may have.

### **Background**

Due to the pandemic, Prometric testing centers shut down from March 18 through April 30, 2020. Prometric re-opened testing centers with additional safety measures began in May. The shutdown and reduced testing center capacity resulted in delayed test administrations for candidates and the need to extend the period candidates are allowed to successfully pass all sections of the CPA Exam.

The 2020 pandemic experience identified the need for an alternative approach to ensure testing continues in times of emergency. Additionally, the experience highlighted the need to define what constitutes an emergency and who should have the authority to determine an event meets the emergency definition.



## Discussion Regarding Remote Proctored Examination Administrations

Page 2 of 3

### Comments

At this CBA meeting, NASBA will provide a presentation on Prometric's ProProctor product and the phased pilot approach it is undertaking. The ProProctor web-based application would allow the CPA Exam to be taken outside of a testing center using both human proctors and artificial intelligence to monitor the administration.

NASBA, AICPA and Prometric (NAP) have presented on the use of ProProctor at various events including the annual NASBA meeting and other webinars specific to this topic. As a means of gathering additional information, NAP is preparing for the live candidate pilots beginning in the first quarter of 2021. The piloting with live candidates is a vital aspect of the approach to test and analyze the feasibility of the implementation of ProProctor in support of remote proctoring.

Other aspects of the plan for analysis by NAP are also ongoing, including software development, operational considerations (e.g., policy/procedure changes, scheduling system changes, board policy changes), content security decisions, and third-party security risk assessment. These analysis outcomes and decisions may play an important role in the CBA's decision about the use of remote proctoring. Additionally, the definition of what constitutes an emergency that would allow for the implementation of remote proctoring has not been established, including the determination of who would have the authority to make a decision that an event meets that definition.

The Department of Consumer Affairs (DCA) indicated in September 2020 that some of its entities were considering the use of remote proctoring. At that time, DCA's Office of Professional Examination Services (OPES) recommended that boards carefully evaluate the following factors when making decisions on remote proctoring:

- Type of examination (e.g., format of items)
- Length of examination (i.e., number of questions / administration time)
- Number of breaks allowed, if any
- Materials or equipment used
- Ratio of candidates to proctors
- Technology requirements
- Security analytics and measures implemented
- Impact of potential examination subversion on program item banks and on the safety of consumers or patients
- Legal issues related to candidate privacy

Consistent with prior DCA action, it is likely DCA would oppose the use of remote proctoring until such time as the CBA is able to provide written documentation that all OPES considerations have been satisfactorily considered. Staff have provided these concerns to NASBA for its consideration.

Staff will monitor the outcome of the analyses of ProProctor that NAP is undertaking. With the assistance of legal counsel and DCA, staff will evaluate the ProProctor solution

## **Discussion Regarding Remote Proctored Examination Administrations**

Page 3 of 3

using the factors recommended by OPES and any regulatory or statutory restrictions, as well as any additional considerations recommended by the CBA. Staff will report back on the results of such evaluation at a future CBA meeting for consideration.

### **Fiscal/Economic Impact Considerations**

The tri-party agreement will be updated to include remote proctoring through the use of ProProctor. At this time, staff are not aware of any additional fees that will be charged to boards or examinees for use of the remote proctoring option.

### **Recommendation**

Staff do not have a recommendation on this agenda item.

### **Attachment**

None

Department of Consumer Affairs  
**California Board of Accountancy**



**RESOLUTION**

**WHEREAS,** *William Donnelly, CPA has faithfully served as a member of the California Board of Accountancy Enforcement Advisory Committee from March 21, 2013 to December 16, 2020; and*

**WHEREAS,** *throughout his term of service, at all times William Donnelly gave fully of himself and his ideas and acted forthrightly and conscientiously, always with the public interest and welfare in mind; and*

**WHEREAS,** *he has discharged these important responsibilities in a manner reflecting great credit upon himself and the accounting profession; and*

**WHEREAS,** *his colleagues wish to express to him their high esteem and regard;*

**NOW, THEREFORE, BE IT RESOLVED,** *that the members of the California Board of Accountancy express heartfelt appreciation to William Donnelly for the outstanding contribution he made during his term of service on the Enforcement Advisory Committee and to the consumers of California.*

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*Nancy J. Corrigan, CPA, President*

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*Mark J. Silverman, Esq., Secretary-Treasurer*

*Dated: January 14, 2021*



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**CBA Item II.G.**  
January 14, 2021

## **Discussion and Possible Adoption of the Proposed 2022 California Board of Accountancy Meeting Dates and Locations**

**Presented by: Rebecca Reed, Board Relations Analyst**

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### **Purpose of the Item**

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with proposed meeting dates for 2022.

### **Consumer Protection Objectives**

The CBA meets regularly during the year to conduct business related to the practice of public accountancy and its consumer protection mandate.

### **Action(s) Needed**

The CBA may choose to adopt or modify the 2022 CBA meeting dates and locations (**Attachment 1**).

### **Background**

Business and Professions Code section 101.7 (**Attachment 2**) requires that the CBA meet at least two times each calendar year with at least one meeting in Northern California and one meeting in Southern California.

As a result of Governor Gavin Newsom's Executive Order N-29-20, the requirement to meet once each in Northern and Southern California has been waived. This or future Executive Orders including travel restrictions and social distancing requirements may necessitate CBA meetings being conducted by way of video conference.

### **Comments**

The proposed 2022 CBA meeting dates are identified below and have been selected to avoid major and religious holidays. The Northern California meetings will be held at the CBA office.

- |                       |                     |
|-----------------------|---------------------|
| • January 20-21, 2022 | Northern California |
| • March 24-25, 2022   | Southern California |
| • May 19-20, 2022     | Northern California |
| • July 21-22, 2022    | Southern California |

## **Discussion and Possible Adoption of the Proposed 2022 California Board of Accountancy Meeting Dates and Locations**

Page 2 of 2

- September 22-23, 2022      Northern California
- November 17-18, 2022      Southern California

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff recommend that the CBA approve the proposed 2022 CBA meeting dates and locations.

### **Attachments**

1. California Board of Accountancy 2022 Meeting Dates and Locations Calendar
2. Business and Professions Code Section 101.7

# Attachment 1

## CALIFORNIA BOARD OF ACCOUNTANCY (CBA) 2021 MEETING DATES/LOCATIONS CALENDAR (CBA MEMBER COPY)

### JANUARY 2022

S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	NC	NC	22
23	24	25	26	27	28	29
30	31					

### FEBRUARY 2022

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

### MARCH 2022

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	SC	SC	26
27	28	29	30	31		

### APRIL 2022

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

### MAY 2022

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	NC	NC	21
22	23	24	25	26	27	28
29	30	31				

### JUNE 2022

S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

### JULY 2022

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	SC	SC	23
24	25	26	27	28	29	30
31						

### AUGUST 2022

S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

### SEPTEMBER 2022

S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	NC	NC	24
25	26	27	28	29	30	

### OCTOBER 2022

S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

### NOVEMBER 2022

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	SC	SC	19
20	21	22	23	24	25	26
27	28	29	30			

### DECEMBER 2022

S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

#### COMMITTEES

EAC - Enforcement Advisory Committee  
QC - Qualifications Committee  
PROC - Peer Review Oversight Committee  
MSG - Mobility Stakeholder Group

#### GENERAL LOCATION

NC-NORTHERN CALIFORNIA  
SC-SOUTHERN CALIFORNIA

	CBA OFFICE CLOSED
	CBA MEETING
	EAC MEETING
	PROC MEETING
	QC MEETING
	MSG MEETING



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## Attachment 2

### Business and Professions Code Section 101.7

#### **101.7**

- (a) Notwithstanding any other provision of law, boards shall meet at least two times each calendar year. Boards shall meet at least once each calendar year in northern California and once each calendar year in southern California in order to facilitate participation by the public and its licensees.
- (b) The director at his or her discretion may exempt any board from the requirement in subdivision (a) upon a showing of good cause that the board is not able to meet at least two times in a calendar year.
- (c) The director may call for a special meeting of the board when a board is not fulfilling its duties.
- (d) An agency within the department that is required to provide a written notice pursuant to subdivision (a) of Section 11125 of the Government Code, may provide that notice by regular mail, email, or by both regular mail and email. An agency shall give a person who requests a notice the option of receiving the notice by regular mail, email, or by both regular mail and email. The agency shall comply with the requester's chosen form or forms of notice.
- (e) An agency that plans to Web cast a meeting shall include in the meeting notice required pursuant to subdivision (a) of Section 11125 of the Government Code a statement of the board's intent to Web cast the meeting. An agency may Web cast a meeting even if the agency fails to include that statement of intent in the notice.

*(Amended by Stats. 2018, Ch. 571, Sec. 1. (SB 1480) Effective January 1, 2019.)*



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**CBA Item II.H.**  
January 14, 2021

## **Overview of the California Legislative Process and the Legislative Committee's Role**

### **Presented by: Written Report Only**

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#### **Purpose of Item**

The purpose of this agenda item is to present information regarding the legislative process and the role of the California Board of Accountancy's (CBA) Legislative Committee (LC).

#### **Consumer Protection Objectives**

This agenda item provides background and resources to assist the CBA members in more fully understanding the Legislative process in which they may be engaged to aid in the CBA's role in consumer protection.

#### **Action(s) Needed**

No action is required on this item.

#### **Background**

One of the main priorities of the LC is to assist the CBA in its consumer protection mandate by reviewing, recommending, and promoting legislation relating to consumer protection and the practice of public accountancy.

#### **Comments**

In an effort to ensure CBA's active involvement in the legislative process, staff continue to communicate and meet with stakeholders and legislative staff to discuss the CBA's position and concerns with proposed legislation. Furthermore, staff participate in various aspects of bill negotiations to promote the CBA's mission.

The CBA's involvement and advocacy has increased our visibility and reputation with the Legislature. In 2020, three measures affected the CBA:

1. AB 1525 clarified that CBA licensees do not commit a crime under California law solely for providing professional accounting services" to persons licensed to engage in commercial cannabis activity;



## Overview of the California Legislative Process and the Legislative Committee's Role

Page 2 of 3

2. AB 2113 required expedited license application processing for special immigrant visa holders and
3. SB 878 required the CBA website to post information regarding our application processing timeframes.

The following provides information regarding the legislative process employed by the CBA.

### Legislation

To ensure effective monitoring and the promotion of legislation that furthers the mission of the CBA, staff have established the following legislative best practices:

1. *Identifying, Tracking, and Monitoring Legislation* – Capitol Track and LegInfo (<http://leginfo.legislature.ca.gov/>) are two websites used for tracking legislation. Key search terms are used to identify any bills that may impact or be of interest to the CBA.
2. *Communication* – Staff are continuously in contact with bill authors and their legislative staff, legislative committee staff, other boards and bureaus, the Department of Consumer Affairs (DCA) Division of Legislative Affairs, and other stakeholders. Below is a list of staff's communication process once a bill, that may impact the CBA, has been identified:
  - Staff will email the author's office to request background information, indicate the CBA's potential interest, and extend an invitation to the author or their staff to attend a CBA meeting where the bill will be discussed.
  - Staff will email the approved (by the Executive Unit) CBA staff bill analysis to the author's office.
  - Staff will communicate the approved CBA position via a position letter to the author's office and copy the chair of the committee where the bill will be heard next.
  - Staff will send the bill analysis and a copy of the CBA's position letter to DCA Division of Legislative Affairs.
3. *Staff Reporting and Keeping the CBA in the Legislative Loop* – Staff provides regular updates at CBA meetings on pertinent bills and facilitates discussions between CBA meetings with legislators and bill authors regarding questions, concerns, and CBA positions. If necessary, staff may initiate a CBA special meeting between regularly scheduled meetings so the CBA can take immediate action on pertinent bills, if desired. Furthermore, the Executive Officer's monthly report includes a legislative update. If necessary, staff may update members via email.

## Overview of the California Legislative Process and the Legislative Committee's Role

Page 3 of 3

4. *Testifying at Legislative Hearings* – If the CBA is a sponsor, or strong supporter of a bill, staff will contact the CBA President to see if s/he would like to testify at the committee hearing and prepare appropriate testimony. If the President is unavailable, another CBA Member, the CBA Executive Officer, or the CBA Information and Planning Officer shall testify at a committee hearing. The CBA Information and Planning Officer or Legislative Analyst attend hearings, as able, for bills the CBA has taken a position on.

**Attachment 1**, Overview of the Legislative Process, provides information on all necessary steps for a bill to become law in California, and other considerations the CBA may wish to keep in mind as it discusses legislation.

**Attachment 2**, Considerations for Taking Positions on Legislation, is meant to assist the CBA when determining what position to take on proposed legislation. As the LC and CBA review proposed legislation, it may be helpful to refer to these considerations.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff do not have a recommendation on this agenda item.

### **Attachments**

1. Overview of the Legislative Process
2. Considerations for Taking Positions on Legislation



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## Attachment 1

### **Overview of the Legislative Process**

The process by which bills are considered, and laws enacted by the California State Legislature, is commonly referred to as the legislative process. The Legislature maintains a calendar governing the introduction and processing of bills during its two-year regular session. A bill must pass both houses, the Senate and Assembly, and be signed by the Governor before it can become law. Once law, it is subject to judicial review.

#### **The Legislative Process Step-by-Step**

##### **Idea**

All legislation begins with an idea. Ideas can arise from many different sources, including the California Board of Accountancy (CBA). When the CBA develops an idea, it is analyzed internally and draft statutory language is prepared and presented to the CBA. Upon the CBA's approval, staff then seeks an author.

##### **Author**

Most bills are authored by an individual legislator who carries it through the legislative process. When choosing a legislator to sponsor a bill, it is important to do so carefully. Staff may take into consideration the legislator's background, party, voting history, policy interests, committee membership, and how the idea relates to the legislator's constituents.

##### **Introduction**

Bills are typically introduced in January and February of each year. No bill may be acted upon until 30 days after its introduction.

##### **Committee Hearings**

After introduction, bills go to the Rules Committee of the house of origin, where it is assigned to one or more policy committees for consideration. The majority of bills related to the CBA are expected to be sent to the Assembly Committee on Business and Professions, or the Senate Committee on Business, Professions, and Economic Development. Bills that require the expenditure of funds must also be heard in the fiscal committees: Assembly and Senate Appropriations.

Committee staff prepares bill analyses that are available to the public, which generally summarize the bill's background, describe its policy, fiscal, and economic impact, support, opposition, and other information the staff deem necessary or helpful to legislators as they consider each bill.

## Overview of the Legislative Process

Page 2 of 5

During a committee hearing, bills are presented by the legislator authoring the bill or a member of their staff. After the bill is discussed among committee members, it becomes open for public comment. If the bill is of particular interest to the CBA, members and staff may wish to comment on the bill and highlight concerns or support for the bill.

### Floor Vote

Bills passed by committees are then considered by the full house (Senate or Assembly). While the bill is on the floor, discussion is restricted to the legislators elected to that house. Most bills require a majority vote (21 in the Senate and 41 in the Assembly) to pass that house. Bills that require an appropriation, or that take effect immediately, generally require 27 votes in the Senate and 54 votes in the Assembly to be passed.

Once the bill is approved by the house of origin, it proceeds to the other house where the process is repeated.

### Resolution of Difference

Both houses of the Legislature must approve the same version of the bill. If a bill is amended in the second house, it must go back to the house of origin for a concurrence vote to agree on the amendments. If agreement cannot be reached, the bill may be referred to a two-house conference committee to resolve differences. Three members of the committee are from the Senate and three are from the Assembly. If a compromise is reached, the bill is returned to both houses for a final vote.

### Governor

Once both houses approve the bill, it goes before the Governor. The Governor has three options: sign, veto, or do nothing. If the Governor signs the bill, it goes into effect. If the Governor takes no action on the bill within 12 days of receipt, it will go into effect without his or her signature. The Governor may have up to 30 days to sign or veto bills passed by the Legislature in the final weeks of the legislative session each calendar year. If the Governor vetoes the bill, the veto can be overridden by a two-thirds vote in both houses.

### Effective Dates

If the bill is an urgency measure, it will go into effect immediately after it is signed or allowed to go into law. If the bill is not an urgency measure, it will go into effect January 1 of the following calendar year, unless otherwise specified in the bill.

### **Considerations for Sponsoring a Legislative Agenda**

When putting together a legislative agenda, there are several key factors to be considered. The following is a discussion of the major factors the CBA faces when it considers sponsoring legislation.

### DCA Involvement

The Department of Consumer Affairs (DCA) can be a valuable ally in the legislative process. DCA may offer assistance to the CBA by helping ensure the bill language is clear and accomplishes the desired result, and advocating in favor of our legislation.

## Overview of the Legislative Process

Page 3 of 5

When DCA takes a position on a bill, it is called an “approved position.” Since DCA is a department of the executive branch, it cannot take a position without the Governor’s approval.

### CBA Member Participation

CBA members play a significant role in advancing the CBA’s legislative agenda. The Legislature may rely on the professional expertise from the industry to gain a stronger understanding of the issue. CBA members wishing to contact members of the Legislature should first involve CBA staff. CBA staff will schedule an appointment and work to ensure you are properly prepared for the discussion.

### Be Willing to Compromise

Throughout the legislative process, various committees and legislators may seek to amend bills. Bills are often amended during the legislative process prior to being signed by the Governor.

Even though the CBA may sponsor a bill, it does not have authority over that bill. Frequently, the author will defer to the sponsor of a bill when deciding whether or not to accept an amendment. However, that is not always the case. If an author takes an amendment that the CBA does not like, it has three options.

1. Accept the amendment. It may not be exactly what the CBA would like, but may be workable.
2. Ask the author to amend the bill to an acceptable form. This can be very tricky. Once an author accepts an amendment from a committee or another member, the intent of that amendment is typically maintained or the author could be seen by fellow legislators as going back on their word or may lose needed support for the bill.
3. Remove sponsorship of the bill. The CBA has no power to stop the author from going forward with the bill, but it is not required to continue its sponsorship. It may issue a letter of opposition, if appropriate.

### Some Bills Just Die

Sometimes bills die due to fiscal impacts and political factors outside the CBA’s control, despite the CBA’s best efforts.

### 2021 Tentative Legislative Calendar

Members may wish to review the calendar provided on the following pages for more information regarding important legislative dates.

# Overview of the Legislative Process

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## 2021 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE ASSEMBLY CHIEF CLERK AND THE OFFICE OF THE SECRETARY OF THE SENATE  
Revised 11-17-20

### DEADLINES

JANUARY							
	S	M	T	W	TH	F	S
						1	2
Wk. 1	3	4	5	6	7	8	9
Wk. 2	10	11	12	13	14	15	16
Wk. 3	17	18	19	20	21	22	23
Wk. 4	24	25	26	27	28	29	30
Wk. 1	31						

**Jan. 1** Statutes take effect (Art. IV, Sec. 8(c)).

**Jan. 4** Legislature reconvenes (J.R. 51(a)(1)).

**Jan. 10** Budget must be submitted by Governor (Art. IV, Sec. 12(a)).

**Jan. 18** Martin Luther King, Jr. Day.

**Jan. 22** Last day to submit **bill requests** to the Office of Legislative Counsel.

FEBRUARY							
	S	M	T	W	TH	F	S
Wk. 1		1	2	3	4	5	6
Wk. 2	7	8	9	10	11	12	13
Wk. 3	14	15	16	17	18	19	20
Wk. 4	21	22	23	24	25	26	27
Wk. 1	28						

**Feb. 15** Presidents' Day.

**Feb. 19** Last day for bills to be **introduced** (J.R. 61(a)(1), J.R. 54(a)).

MARCH							
	S	M	T	W	TH	F	S
Wk. 1		1	2	3	4	5	6
Wk. 2	7	8	9	10	11	12	13
Wk. 3	14	15	16	17	18	19	20
Wk. 4	21	22	23	24	25	26	27
Spring Recess	28	29	30	31			

**Mar. 25** **Spring Recess** begins upon adjournment (J.R. 51(a)(2)).

**Mar. 31** Cesar Chavez Day observed.

APRIL							
	S	M	T	W	TH	F	S
Spring Recess					1	2	3
Wk. 1	4	5	6	7	8	9	10
Wk. 2	11	12	13	14	15	16	17
Wk. 3	18	19	20	21	22	23	24
Wk. 4	25	26	27	28	29	30	

**Apr. 5** Legislature reconvenes from Spring Recess (J.R. 51(a)(2)).

**Apr. 30** Last day for **policy committees** to meet and report to fiscal committees **fiscal bills** introduced in their house (J.R. 61(a)(2)).

MAY							
	S	M	T	W	TH	F	S
Wk. 4							1
Wk. 1	2	3	4	5	6	7	8
Wk. 2	9	10	11	12	13	14	15
Wk. 3	16	17	18	19	20	21	22
Wk. 4	23	24	25	26	27	28	29
No Hrgs.	30	31					

**May 7** Last day for **policy committees** to meet and report to the floor **non-fiscal bills** introduced in their house (J.R. 61(a)(3)).

**May 14** Last day for **policy committees** to meet prior to June 7 (J.R. 61(a)(4)).

**May 21** Last day for **fiscal committees** to meet and report to the floor bills introduced in their house (J.R. 61(a)(5)).

Last day for **fiscal committees** to meet prior to June 7 (J.R. 61(a)(6)).

**May 31** Memorial Day.

\*Holiday schedule subject to final approval by Rules Committee.

# Overview of the Legislative Process

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JUNE							
	S	M	T	W	TH	F	S
No Hrgs.			1	2	3	4	5
Wk. 1	6	7	8	9	10	11	12
Wk. 2	13	14	15	16	17	18	19
Wk. 3	20	21	22	23	24	25	26
Wk. 4	27	28	29	30			

**June 1-4** **Floor session only.** No committee may meet for any purpose except Rules Committee, bills referred pursuant to A.R. 77.2, and Conference Committees (J.R. 61(a)(7)).

**June 4** Last day for each house to pass bills introduced in that house (J.R. 61(a)(8)).

**June 7** Committee meetings may resume (J.R. 61(a)(9)).

**June 15** Budget Bill must be passed by midnight (Art. IV, Sec. 12(c)(3)).

JULY							
	S	M	T	W	TH	F	S
Wk. 4					1	2	3
Wk. 1	4	5	6	7	8	9	10
Wk. 2	11	12	13	14	15	16	17
Summer Recess	18	19	20	21	22	23	24
Summer Recess	25	26	27	28	29	30	31

**July 2** Independence Day observed.

**July 14** Last day for **policy committees** to meet and report bills (J.R. 61(a)(11)).

**July 16** **Summer Recess** begins upon adjournment, provided Budget Bill has been passed (J.R. 51(a)(3)).

AUGUST							
	S	M	T	W	TH	F	S
Summer Recess	1	2	3	4	5	6	7
Summer Recess	8	9	10	11	12	13	14
Wk. 3	15	16	17	18	19	20	21
Wk. 4	22	23	24	25	26	27	28
No. Hrgs.	29	30	31				

**Aug. 16** Legislature reconvenes from Summer Recess (J.R. 51(a)(3)).

**Aug. 27** Last day for **fiscal committees** to meet and report bills (J.R. 61(a)(12)).

**Aug. 30-Sept. 10** **Floor session only.** No committees may meet for any purpose, except Rules Committee, bills referred pursuant to A.R. 77.2, and Conference Committees (J.R. 61(a)(13)).

SEPTEMBER							
	S	M	T	W	TH	F	S
No Hrgs.				1	2	3	4
No Hrgs.	5	6	7	8	9	10	11
Interim Recess	12	13	14	15	16	17	18
Interim Recess	19	20	21	22	23	24	25
Interim Recess	26	27	28	29	30		

**Sept. 3** Last day to **amend** bills on the floor (J.R. 61(a)(14)).

**Sept. 6** Labor Day.

**Sept. 10** Last day for any bill to be passed (J.R. 61(a)(15)). **Interim Recess** begins upon adjournment (J.R. 51(a)(4)).

## IMPORTANT DATES OCCURRING DURING INTERIM RECESS

### 2021

Oct. 10 Last day for Governor to sign or veto bills passed by the Legislature on or before Sept. 10 and in the Governor's possession after Sept. 10 (Art. IV, Sec. 10(b)(1)).

### 2022

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).

Jan. 3 Legislature reconvenes (J.R. 51(a)(4)).

\*Holiday schedule subject to final approval by Rules Committee.





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## Attachment 2

### **Considerations for Taking Positions on Legislation**

As new bills are introduced or amended in the Legislature, the California Board of Accountancy (CBA) may take a variety of positions, which are outlined below. Introduced legislation rarely passes through the legislative process without amendments and those amendments may change the CBA's position. Should the CBA take a position on a bill, staff will track the legislation and update the CBA on any developments.

#### **Positions the CBA May Take**

##### **Sponsor:**

The CBA is the sponsor of a bill, meaning the CBA participated in the development of the legislation, will provide technical assistance to the author on any related policy areas, and advocate its passage.

##### **Support:**

CBA supports the bill as currently written and sends a letter of support to interested legislators. The CBA may decide to take proactive action in favor of the bill.

##### **Support if Amended:**

The CBA supports the concept, or certain portions of the bill, but requests an amendment to obtain the CBA's full support. This position would be communicated to legislators along with the requested amendment. If the CBA's amendment is accepted without further significant amendments, the CBA's position will be changed automatically to support the bill, and a letter reflecting this new position will be sent to the Legislature.

##### **Neutral:**

The bill in question may affect the CBA's interests in some way, but the CBA does not have a formal position. If the CBA adopts a Neutral position, it may wish to consider sending a letter to explain its viewpoint.

##### **Oppose unless Amended:**

The CBA opposes the bill as presently written, but if the bill were amended as requested by the CBA, the CBA's position would change to neutral. This position will be communicated to the author and other legislators, along with the



## **Considerations for Taking Positions on Legislation**

Page 2 of 2

suggested amendment. If the CBA's amendment is accepted without a significant change, a letter will be sent withdrawing the CBA's opposition and stating a new position.

### **Oppose:**

The CBA opposes the bill. There are no reasonable or anticipated amendments that would change the CBA's position. The CBA would send a letter of opposition to the author and other legislators and may consider taking proactive action against the bill.

### **Watch:**

The bill may develop into an item of interest for the CBA. Staff will continue to monitor the bill and update the CBA on any developments.

### **Discontinue Following:**

The bill has changed in such a way that it is no longer of interest to the CBA. Staff will stop monitoring and providing updates on the bill.

Throughout the legislative process, staff will track the bills that the CBA takes a position on, and monitor other legislation that may be of interest to the CBA.



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**CBA Item II.I.**  
January 14, 2021

## **Update on California Board of Accountancy Legislative Proposals for 2021**

**Presented by: Patrick Ibarra, Information and Planning Officer**

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### **Purpose of the Item**

The purpose of this agenda item is to provide an update on California Board of Accountancy (CBA) Legislative Proposals for 2021. These proposals were previously approved in November 2019, and the legislative language was originally introduced in the Legislature during the 2020 session.

### **Consumer Protection Objectives**

This legislative proposal would provide applicants greater flexibility in their testing schedule, while maintaining the appropriate professional education criteria have been met. Consumers will benefit with this accelerated licensure process, by providing more CPAs to address consumer demand.

This proposal would also ensure the CBA could conduct its business for the benefit of the consumer and not cancel a meeting due to lack of a member being authorized to preside.

### **Action(s) Needed**

No specific action is required on this agenda item. The CBA previously directed staff to pursue the following legislative proposals in November 2019.

### **Background**

During its November 2019 meeting, the CBA directed staff to seek introduction of legislation that will:

- Allow applicants to sit for the uniform CPA Examination (CPA Exam) prior to degree conferral
- Authorize the CBA Secretary/Treasurer or another CBA member, as specified, to preside over CBA meetings
- Clarify existing provisions of the Accountancy Act related to the privacy of applicant and licensee email addresses

## Update on California Board of Accountancy Legislative Proposals for 2021

Page 2 of 3

In 2020, the CBA sponsored a bill that would have encompassed all of these elements. AB 2267, introduced by Assemblywoman Jacqui Irwin (D, Thousand Oaks) (**Attachment 1**), was held due to the unique circumstances of the 2020 Legislative Session. The CBA worked with the author's office to prepare a Fact Sheet (**Attachment 2**) to help educate legislative members on the issues surrounding the bill. Prior to the bill being held, it was assigned to the Assembly Business and Professions Committee, and the CBA submitted a letter in Support (**Attachment 3**).

### Comments

The CBA has been working with Assemblywoman Irwin who has agreed to author a bill in 2021 containing these legislative proposals. Below is an overview of each issue and how the legislative proposal will achieve resolution:

#### Degree Conferral and Exam Authorization

Prior to being authorized by the CBA to sit for the CPA Exam, applicants must meet certain educational requirements that include conferral of a bachelor's degree, or higher, which must be reflected on their official transcripts. Applicants enrolled in a 150 semester hour degree program may sit for the CPA Exam prior to degree conferral, if they meet certain requirements.

Following completion of their classes, some applicants must wait up to several weeks for a college/university to produce an official transcript that reflects degree conferral. Upon submission of their application, the CBA then requires up to 30 days to review and authorize qualified applicants to sit for the CPA Exam.

This proposal would permit the CBA to allow an applicant to be admitted to the CPA Exam prior to completion of the educational requirements, and require the CBA to adopt regulations to specify, at a minimum, the following:

- The timeframe in which an applicant must complete their education following submission of the application for admission to the examination.
- The manner in which an applicant shall provide satisfactory evidence of their educational requirements.

It provides that the CBA shall withhold the release of an applicant's examination scores if an applicant fails to timely complete the educational requirements or comply with regulations adopted by the board pursuant to this section.

The legislative proposal would shorten the timeframe to obtain a CPA license by permitting applicants to sit for the CPA Exam prior to a college or university conferring a bachelor's degree, or higher.

There are ten U.S. jurisdictions that allow their applicants to sit for the CPA Exam prior to degree conferral: Kansas, Guam, Maine, Massachusetts, Minnesota, Missouri, Nebraska, North Carolina, Puerto Rico, and Washington.

## **Update on California Board of Accountancy Legislative Proposals for 2021**

Page 3 of 3

### **Board Member Roles**

Existing law provides for the election of CBA officers, which shall include a president, vice-president, and secretary-treasurer selected from CBA board members to serve for a term of one-year. Existing law Business and Professions Code (BPC) section 5007 provides authority for the president, or the vice-president in their absence, to preside over board meetings.

This proposal would clarify the authority for any officer to preside over meetings, and to provide the option for the president to designate a non-officer board member to preside in the event that no officer is available when a majority of the board has assembled to conduct CBA business.

### **Electronic Mail Address Confidentiality**

Under Assembly Bill (AB) 1521 (Chapter 359, Statutes of 2019), the CBA began collecting email addresses from all applicants and licensees on January 1, 2020. This requirement also extends to out-of-state CPAs required to receive written permission from the CBA prior to practicing in California under its mobility program. The requirements under AB 1521 did not include previously existing language exempting email addresses from public disclosure.

This proposal would clarify that email addresses collected by the CBA are confidential and not considered to be a public record, subject to disclosure pursuant to a California Public Records Act request or posted on the internet pursuant to BPC section 27, unless required by a court order. Prior to AB 1521, in the interest of protecting an applicant's privacy, email addresses provided to the CBA were considered personal information prohibited from disclosure by BPC section 27, and were additionally not subject to disclosure via a Public Records Act request.

### **Fiscal/Economic Impact Considerations**

Unknown fiscal/economic impact considerations.

### **Recommendation**

Staff do not have a recommendation on this agenda item.

### **Attachments**

1. Assembly Bill 2267 (Irwin) of 2020
2. AB 2267 Fact Sheet
3. California Board of Accountancy Sponsor Letter (AB 2267)

AMENDED IN ASSEMBLY MAY 4, 2020

CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2267**

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**Introduced by Assembly Member Irwin**

February 14, 2020

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An act to *amend Sections 5007, 5070, and 5070.5 of, and to add Section 5093.1 to Sections 5009.5 and 5093.5 to, the Business and Professions Code, relating to professions and vocations.*

LEGISLATIVE COUNSEL’S DIGEST

AB 2267, as amended, Irwin. Accountancy: ~~licensure: examination.~~  
*California Board of Accountancy.*

*Existing law establishes the California Board of Accountancy in the Department of Consumer Affairs for the purpose of licensing and regulating the practice of accountancy and provides that the officers of the board are a president, vice president, and a secretary-treasurer. Existing law requires the president to preside at all meetings of the board, and in the event of the president’s absence or inability to act, requires the vice president to preside.*

*This bill would require the secretary-treasurer to preside at meetings of the board if both the president and vice president are absent or unable to act. The bill would authorize the president to designate a board member who is not an officer to preside at a meeting of the board if all officers of the board are absent or unable to act at that meeting.*

*Existing law prohibits a person from engaging in the practice of public accountancy in this state unless the person holds a valid permit issued by the board or a practice privilege, as specified. Existing law requires an applicant to report to the board a valid email address if the applicant has one, at the time of application for, or renewal of, a*

public accountant license. Existing law provides that these email addresses are not considered public records and prohibits these email addresses from being disclosed pursuant to specified provisions of law, unless required pursuant to a court order.

This bill would recast these provisions to, in the interest of protecting the privacy of applicants and licensees, prohibit from disclosure all email addresses provided by applicants or licensees, and would make conforming changes.

~~Existing law provides for the licensure and regulation of the practice of accountancy by the California Board of Accountancy in the Department of Consumer Affairs. Existing law prohibits a person from engaging in the practice of public accountancy in this state unless the person holds either a valid permit issued by the board or a practice privilege, as specified. Existing~~

Existing law sets forth the requirements for an applicant to qualify for the certified public accountant license and requires an applicant for admission to the examination to present evidence to the board that the applicant has completed specified education requirements.

~~This bill would~~ *would, instead,* authorize the board to admit an applicant to the certified public accountant examination before the applicant completes those education ~~requirements, provided requirements~~ *if* the applicant satisfies the conditions specified by the board. The bill would authorize the board to withhold the release of an applicant's examination scores if an applicant fails to timely complete the education requirements or comply with the board's regulations.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 5007 of the Business and Professions
- 2     Code is amended to read:
- 3     5007. The president shall preside at all meetings of the board,
- 4     and in the event of ~~his~~ *the president's* absence or inability to act,
- 5     the vice president shall preside. *If both the president and vice*
- 6     *president are absent or unable to act, the secretary-treasurer shall*
- 7     *preside at meetings of the board. The president may designate a*
- 8     *board member who is not an officer to preside at a meeting of the*
- 9     *board if all officers of the board are absent or unable to act at*
- 10    *that meeting.* Other duties of the president, vice president, and the

1 duties of the secretary-treasurer, shall be such as the board may  
2 prescribe.

3 *SEC. 2. Section 5009.5 is added to the Business and Professions*  
4 *Code, to read:*

5 *5009.5. In the interest of protecting the privacy of applicants*  
6 *and licensees, an email address provided by applicants or licensees*  
7 *to the board pursuant to this chapter shall not be considered a*  
8 *public record and shall not be disclosed pursuant to Section 27*  
9 *or pursuant to a request under the California Public Records Act*  
10 *(Chapter 3.5 (commencing with Section 6250) of Division 7 of*  
11 *Title 1 of the Government Code), unless required pursuant to a*  
12 *court order by a court of competent jurisdiction.*

13 *SEC. 3. Section 5070 of the Business and Professions Code is*  
14 *amended to read:*

15 5070. (a) Permits to engage in the practice of public  
16 accountancy in this state shall be issued by the board only to  
17 holders of the certificate of certified public accountant issued under  
18 this chapter and to those partnerships, corporations, and other  
19 persons who, upon application approved by the board, are  
20 registered with the board under this chapter. Notwithstanding any  
21 other law, the board may register an entity organized and authorized  
22 to practice public accountancy under the laws of another state for  
23 the purpose of allowing that entity to satisfy the registration  
24 requirement set forth in Section 5096.12, if (1) the certified public  
25 accountants providing services in California qualify for the practice  
26 privilege, and (2) the entity satisfies all other requirements to  
27 register in this state, other than its form of legal organization.

28 (b) All applicants for registration shall furnish satisfactory  
29 evidence that the applicant is entitled to registration and shall pay  
30 the fee as provided in Article 8 (commencing with Section 5130).  
31 Every partnership, corporation, and other person to whom a permit  
32 is issued shall, in addition to any other fee that may be payable,  
33 pay the initial permit fee provided in Article 8 (commencing with  
34 Section 5130).

35 (c) Each applicant who has a valid email address shall report to  
36 the board that email address at the time of application or  
37 registration. ~~In the interest of protecting an applicant's privacy,~~  
38 ~~the email address shall not be considered a public record and shall~~  
39 ~~not be disclosed pursuant to Section 27 or pursuant to a request~~  
40 ~~under the California Public Records Act (Chapter 3.5 (commencing~~

1 ~~with Section 6250) of Division 7 of Title 1 of the Government~~  
2 ~~Code), unless required pursuant to a court order by a court of~~  
3 ~~competent jurisdiction.~~

4 (d) Each partnership, corporation, and other person issued a  
5 permit by the board to practice as a certified public accountant or  
6 as a public accountant shall be furnished with a suitable certificate  
7 evidencing that registration.

8 *SEC. 4. Section 5070.5 of the Business and Professions Code*  
9 *is amended to read:*

10 5070.5. (a) (1) A permit issued under this chapter to a certified  
11 public accountant or a public accountant expires at 12 midnight  
12 on the last day of the month of the legal birthday of the licensee  
13 during the second year of a two-year term if not renewed.

14 (2) To renew an unexpired permit, a permitholder shall, before  
15 the time at which the permit would otherwise expire, apply for  
16 renewal on a form prescribed by the board, pay the renewal fee  
17 prescribed by this chapter, and give evidence satisfactory to the  
18 board that the permitholder has complied with the continuing  
19 education provisions of this chapter.

20 (3) Each applicant for renewal who has a valid email address  
21 shall report that email address to the board on the renewal form  
22 described in paragraph (1). ~~In the interest of protecting an~~  
23 ~~applicant's privacy, the electronic mail address shall not be~~  
24 ~~considered a public record and shall not be disclosed pursuant to~~  
25 ~~Section 27 or pursuant to a request under the California Public~~  
26 ~~Records Act (Chapter 3.5 (commencing with Section 6250) of~~  
27 ~~Division 7 of Title 1 of the Government Code), unless required~~  
28 ~~pursuant to a court order by a court of competent jurisdiction.~~

29 (b) A permit to practice as an accountancy partnership or an  
30 accountancy corporation expires at 12 midnight on the last day of  
31 the month in which the permit was initially issued during the  
32 second year of a two-year term if not renewed. To renew an  
33 unexpired permit, the permitholder shall, before the time at which  
34 the permit would otherwise expire, apply for renewal on a form  
35 prescribed by the board, pay the renewal fee prescribed by this  
36 chapter, and provide evidence satisfactory to the board that the  
37 accountancy partnership or accountancy corporation is in  
38 compliance with this chapter.

39 (c) On or before July 1, 2020, each permitholder who has a valid  
40 email address shall provide that email address to the board.



1 (d) A permitholder shall notify the board within 30 days of any  
2 change to their email address on file with the board. The board  
3 may periodically, as it determines necessary, require permitholders  
4 to confirm that their email address on file with the board is current.

5 ~~SECTION 1. Section 5093.1 is added to the Business and~~  
6 ~~Professions Code, to read:~~

7 ~~5093.1.—~~

8 *SEC. 5. Section 5093.5 is added to the Business and Professions*  
9 *Code, to read:*

10 5093.5. (a) Notwithstanding subdivision (b) of Section 5093,  
11 the board may admit an applicant to the certified public accountant  
12 examination before the applicant completes the education  
13 requirements set forth in Section 5093.

14 (b) The board shall adopt regulations pursuant to this section  
15 that shall specify, at a minimum, both of the following:

16 (1) The timeframe in which an applicant must complete their  
17 education following submission of the application for admission  
18 to the examination.

19 (2) The manner in which an applicant shall provide satisfactory  
20 evidence of their education requirements.

21 (c) The board ~~shall~~ *may* withhold the release of an applicant's  
22 examination scores if an applicant fails to timely complete the  
23 education requirements or comply with the regulations adopted  
24 by the board pursuant to this section.



## AB 2267 (Irwin) California Board of Accountancy

### SUMMARY

AB 2267 makes various, non-controversial statutory changes in support of the California Board of Accountancy (CBA or Board) and its consumer protection mission.

### BACKGROUND

Established in 1901, the CBA is charged with protecting the public related to the practice of public accountancy in California. The Board administers the licensure program that regulates entry into the profession and oversees the professional conduct of over 107,000 licensees in the state.

Existing law requires certified public accountant (CPA) license applicants to meet certain educational requirements, such as a conferral of a Bachelor's degree, prior to being authorized by the CBA to sit for the Uniform CPA Exam. The CBA has found that some applicants must wait several weeks for their college or university to produce an official transcript that reflects degree conferral. Upon submission of the licensee's application, the CBA then requires up to 30 days to review and authorize qualified applicants to sit for the Uniform CPA Exam. Due to these timeframes, applicants must often wait three months or longer, thereby delaying their passage of the Uniform CPA Exam and entry into the CPA profession.

The Business and Professions Code (BPC) also provides for the election of the CBA officers and provides authority for the President, or the Vice-President in his/her absence, to preside at CBA meetings. However, as currently written, there is no provision in statute to permit an individual other than the President or Vice-President including the Secretary/Treasurer, to preside over meetings. An unlikely occurrence could arise when all three of the board officers are unable to act as chair, while the other members have gathered for a noticed meeting.

Lastly, pursuant to AB 1521 (2019), beginning January 1, 2020, the CBA began collecting email addresses from all applicants and licensees. This requirement also extends to out-of-state CPAs required to receive written permission from the CBA prior to practicing in California under its mobility program. The new requirement did not include pre-existing language exempting email addresses from public disclosure. Although email addresses are

protected under other provisions of the Accountancy Act, the current law lacks clarity.

### THIS BILL

AB 2267 makes the following three changes:

- Permits the CBA to authorize an applicant to take the Uniform CPA Exam prior to completion of the necessary educational requirements. Also, requires the CBA to adopt regulations that specify the criteria of this program.
- Supports the authority of the CBA to conduct its business in the unlikely event that the officers are unable to attend a meeting, unable to act, or have to recuse themselves from a particular agenda item.
- Clarifies the requirement of current law that CBA applicant and licensee email addresses are confidential and not considered to be a public record subject to disclosure pursuant to a California Public Records Act request or posted on the internet pursuant to BPC section 27, unless required by a court order.

This bill will streamline the process for applicants to complete the Uniform CPA Exam, support the CBA's authority to conduct its board meetings, and clarify the privacy of CBA licensee and applicant email addresses.

### SUPPORT

California Board of Accountancy (Sponsor)

### OPPOSITION

None registered.

### CONTACT

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Office of Assemblymember Jacqui Irwin  
(916) 319-2044  
Lucia.Saldivar@asm.ca.gov

**California Board of Accountancy**

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Sacramento, CA 95833

phone: (916) 263-3680 fax: (916) 263-3675 web: [www.cba.ca.gov](http://www.cba.ca.gov)



March 5, 2020

The Honorable Jacqui Irwin  
State Capitol, Room 5119  
Sacramento, CA 95814

**Bill: AB 2267**  
**Position: Sponsor**

Dear Assemblymember Irwin:

On behalf of the California Board of Accountancy (CBA), thank you for introducing Assembly Bill (AB) 2267. The CBA is pleased to Sponsor this bill.

As introduced on February 14, 2020, AB 2267 authorizes the CBA to allow an applicant to take the Uniform Certified Public Accountant Examination prior to completing the necessary educational requirements.

This measure would decrease the timeframe for applicants to obtain a CPA license by several weeks, or more, without changing the requirements for licensure.

Thank you again for your support of the CBA and its consumer protection mission.

If you have questions, please contact Aaron Bone, Information and Planning Officer, at (916) 561-1792 or [aaron.bone@cba.ca.gov](mailto:aaron.bone@cba.ca.gov).

Sincerely,

A handwritten signature in cursive script, appearing to read 'Nancy J. Corrigan'.

Nancy J. Corrigan, CPA  
President

c: Members, California Board of Accountancy  
Patti Bowers, Executive Officer  
Danielle Sires, Consultant, Assembly Business and Professions Committee  
Elissa Silva, Consultant, Senate Business, Professions and Economic  
Development Committee  
Kayla Williams, Consultant, Senate Republican Caucus  
Bill Lewis, Principal Consultant, Assembly Republican Caucus

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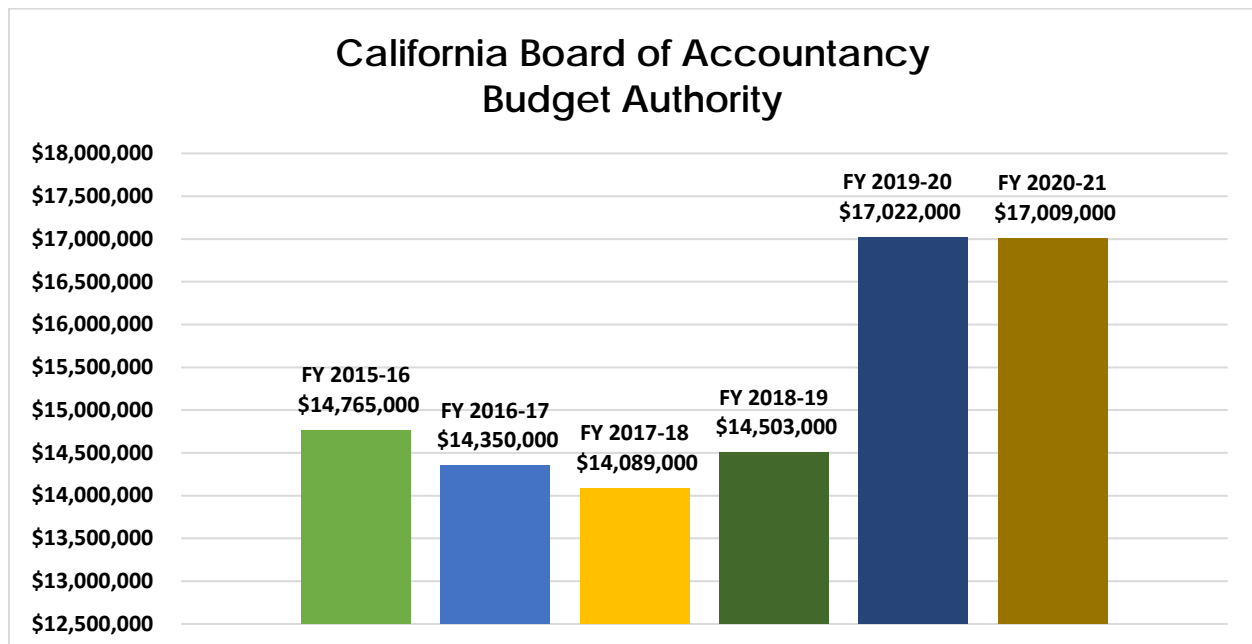
# CALIFORNIA BOARD OF ACCOUNTANCY REPORT OF THE SECRETARY/TREASURER MARK J. SILVERMAN, ESQ.

---

## First Quarter Financial Report Fiscal Year 2020-21

### Budget Authority

The CBA's budget for fiscal year (FY) 2020-21 was set at \$17,009,000, a slight decrease from the \$17,022,000 budget for the previous fiscal year. This budget amount will be adjusted for a 9.23 percent reduction in staff compensation and accompanied by a commensurate reduction in pro rata expenses which will be announced at a later date.



### California Board of Accountancy Fund Condition

A Fund Condition Statement for the CBA is not available at this time. After release of the Governor's proposed FY 2021-22 budget on January 10, 2021, the Fund Condition will be updated and presented with the mid-year financial report at the March CBA meeting.

## New Budget Reports

The California Board of Accountancy has updated its budget reports in line with the transition to Fi\$Cal, the current state-wide software database used to track expenditures and record revenue.

Fi\$Cal reports provide a different format for the information. Many of the “line items” that we detailed previously are regrouped based on newly established account codes. The Department of Consumer Affairs (DCA) has developed a reporting tool to extract reports with financial information. The new reports are formatted differently and if significant changes are made to the reports, they must be reviewed and approved by the DCA Budget Office. This has made it difficult to provide budget reports for CBA meetings in the same format that has been used previously. The financial report reflected on page 2, contains similar, but not identical, information from previously produced reports.

Additionally, for the Fiscal Month 3 Report, staff have omitted year-end projections due to having only preliminary information on expenditures. Projections will be included on the mid-year financial report, which staff anticipate presenting at the March 2021 CBA meeting.

## Overview of Financial Statement Changes

Below are a few items to note regarding the updated financial statement, which is provided on page 3:

- Year-to-date reflects expenditures through September 30, 2020
- Encumbrances include the full amount of a contract for a fiscal year, despite how much has been spent from the contract. It is possible that not all encumbered monies will be spent and in those instances, the contracts will be liquidated at fiscal year-end or after.
- Year-to-date plus encumbrances includes all monies expended as of September 30 2020, plus any amounts that are encumbered for a contract.

**Department of Consumer Affairs  
California Board of Accountancy  
Fiscal Year 2020-21: Fiscal Month 3**

#	Object Description	FY 2019-20 (Final Numbers)	Governor's Budget	Year to Date: September 30	Year to Date + Encumbrance
	<b>PERSONNEL SERVICES</b>				
1	PERMANENT POSITIONS	\$5,787,029	\$6,603,000	\$1,524,952	\$1,524,952
2	TEMPORARY POSITIONS	\$81,388	\$0	\$5,635	\$5,635
3	PER DIEM, OVERTIME, & LUMP SUM	\$89,622	\$63,000	\$5,795	\$5,795
4	STAFF BENEFITS	\$3,396,204	\$4,080,000	\$880,104	\$880,104
5	<b>TOTAL PERSONNEL SERVICES</b>	<b>\$9,354,243</b>	<b>\$10,746,000</b>	<b>\$2,416,487</b>	<b>\$2,416,487</b>
6	<b>OPERATING EXPENSES &amp; EQUIPMENT</b>				
7	GENERAL EXPENSE	\$241,336	\$61,000	\$4,424	\$30,534
8	PRINTING	\$126,882	\$97,000	\$43	\$23,272
9	COMMUNICATIONS	\$45,977	\$64,000	\$8,455	\$8,455
10	POSTAGE	\$42,924	\$27,000	\$1,997	\$1,997
11	INSURANCE	\$226	\$0	\$0	\$0
12	IN-STATE TRAVEL	\$101,546	\$136,000	-\$171	-\$171
13	OUT-OF-STATE TRAVEL	\$3,107	\$0	\$0	\$0
14	TRAINING	\$6,348	\$30,000	\$248	\$16,120
15	FACILITIES	\$648,989	\$629,000	\$138,659	\$156,997
16	C/P SERVICES (INTERNAL)	\$1,231,830	\$1,848,000	\$92,953	\$92,953
17	C/P SERVICES (EXTERNAL)	\$150,760	\$502,000	\$14,828	\$144,345
18	DEPARTMENT PRORATA	\$2,441,776	\$2,664,000	\$1,334,000	\$1,334,000
19	Division of Investigation	\$355,314	\$441,000	\$208,000	\$208,000
20	Consumer and Client Servs Division	\$2,086,462	\$2,223,000	\$1,126,000	\$1,126,000
21	<b>DEPARTMENTAL SERVICES</b>	<b>\$19,928</b>	<b>\$1,000</b>	<b>\$255</b>	<b>\$255</b>
22	<b>CONSOLIDATED DATA CENTERS</b>	<b>\$177,471</b>	<b>\$42,000</b>	<b>\$13,330</b>	<b>\$13,330</b>
23	<b>INFORMATION TECHNOLOGY</b>	<b>\$29,984</b>	<b>\$50,000</b>	<b>\$3,065</b>	<b>\$10,608</b>
24	<b>EQUIPMENT</b>	<b>\$118,920</b>	<b>\$112,000</b>	<b>\$0</b>	<b>\$30,805</b>
25	<b>OTHER ITEMS OF EXPENSE</b>	<b>\$1,114</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
26	<b>SPECIAL ITEMS OF EXPENSE</b>	<b>\$35,996</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
27	<b>OPERATING EXPENSES &amp; EQUIPMENT</b>	<b>\$5,425,113</b>	<b>\$6,263,000</b>	<b>\$1,611,831</b>	<b>\$1,863,501</b>
28	<b>OVERALL TOTALS</b>	<b>\$14,779,357</b>	<b>\$17,009,000</b>	<b>\$4,028,318</b>	<b>\$4,279,988</b>

## Expenditures

The First Quarter Financial Statement is based on actual expenditures and encumbered amounts through September 30, 2020. Expenditures are at \$4,279,988 or 23.6 percent of the FY 2020-21 budget. Below is information regarding key budget items.

### General Expense

Expenditures in the category of general expense include such items as office supplies, furniture, delivery services, and subscriptions. Enforcement subscriptions are annual subscriptions to online databases for accounting and tax research information, standards, and also includes Investigative CPA continuing education.

### Minor Equipment

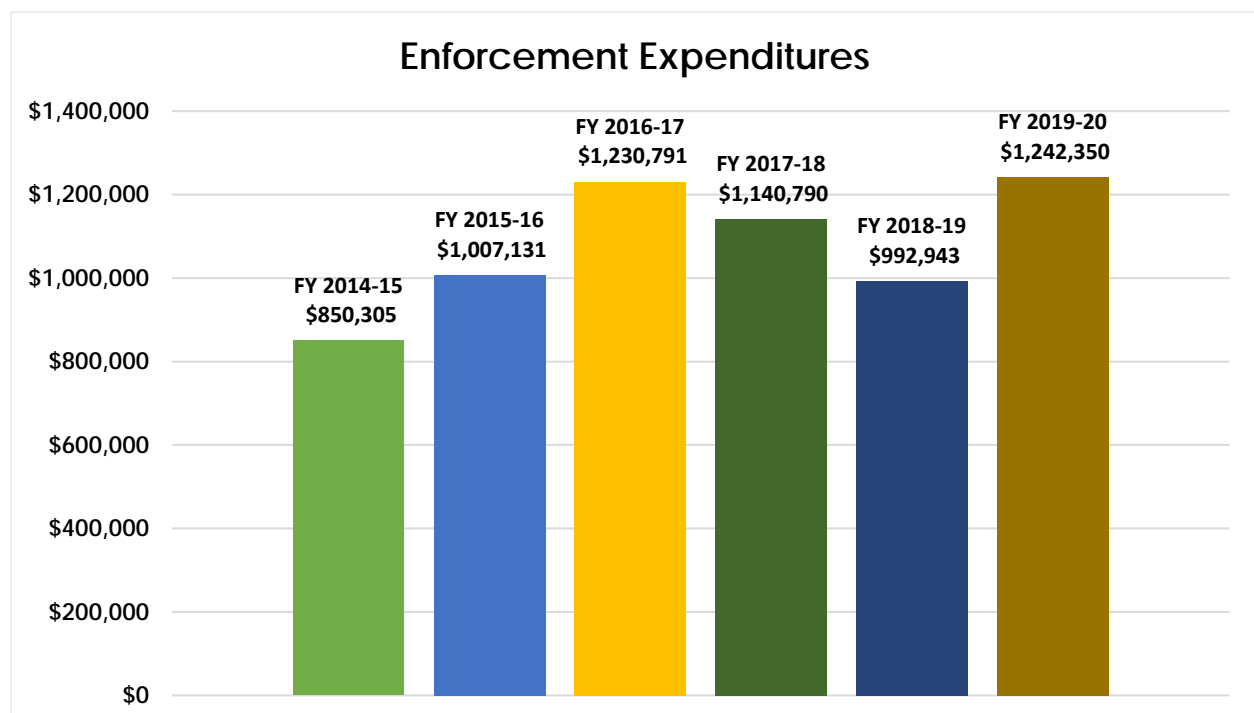
The CBA has spent \$30,805 on minor equipment to replace older equipment and continue to enable staff to securely access CBA resources remotely.

### Exam

The CBA has a contract with the National Association of State Boards of Accountancy (NASBA) to provide testing accommodations for candidates of the Uniform CPA Examination. The current multi-year contract is expiring and a new three-year contract is being finalized. The new contract amount is not reflected on the expenditure report, as it has not yet been encumbered.

## Enforcement Expenditures

The CBA's enforcement expenditures through September 30, 2020 are \$110,153. The following provides an overview of the CBA's Enforcement Expenditures for the prior six fiscal years.



## Five Percent Reduction Plan for Fiscal Year 2021-22

The CBA will assume a permanent five percent reduction to its operating budget, which was included as part of the 2020 Budget Act for Fiscal Year 2021-22.

At the time of identifying the reduction plan, agencies were advised to use the current fiscal year budget as a guide. Further, in determining the five percent target, Department of Consumer Affairs (DCA) Budget Office advised that the reduction was only to the Operating Expense and Equipment portion of the budget and that DCA Pro Rata costs would also be deducted.

After taking these factors into consideration, the CBA's five percent reduction target was \$190,100.

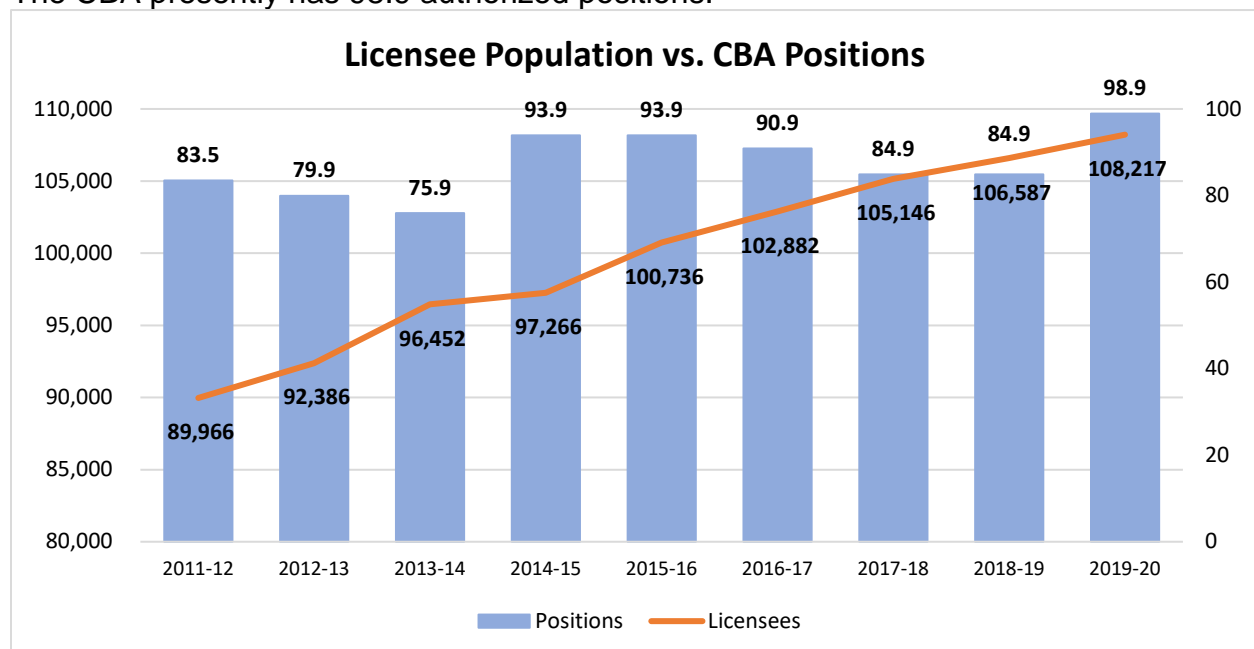
The CBA focused its reduction plan on line items that have historically been underspent or will likely be underspent in future years. The CBA's reduction plan consists of reducing the following budget categories:

\$125,000	Evidence and Witness Fees
\$50,000	Office of Administrative Hearings
\$15,100	Travel

The reduction plan was submitted to DCA in mid-December, is presently under review by Business, Consumer Services, and Housing Agency, and will then be provided to the Department of Finance. Staff will provide additional information to the CBA as it becomes available.

## License Population vs. Staff Level

The CBA presently has 98.9 authorized positions.







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**CBA Item IV.B.**  
January 14, 2021

## MEMORANDUM

<b>DATE</b>	December 17, 2020
<b>TO</b>	California Board of Accountancy
<b>FROM</b>	Deanne Pearce Assistant Executive Officer
<b>SUBJECT</b>	<b>Agenda Item IV.B. Discussion of the Governor's Proposed Budget for Fiscal Year 2021-22.</b>

This agenda item will be provided following the release of the Governor's proposed budget for fiscal year 2021-22, which is scheduled to occur on January 10, 2021.



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**CBA Item V.A.**  
January 14, 2021

## **Review and Approval of Proposed Changes to the California Board of Accountancy Member Guidelines and Procedures Manual**

**Presented by: Deanne Pearce, Assistant Executive Officer**

---

### **Purpose of the Item**

The purpose of this agenda item is to provide an overview of the proposed updates to the California Board of Accountancy (CBA) CBA Member Guidelines and Procedures Manual (G&P Manual).

### **Consumer Protection Objectives**

The purpose of this agenda item is to have clear guidelines and procedures that assists the CBA in its primary role of consumer protection.

### **Action(s) Needed**

The CBA is asked to approve the January 2021 version of the G&P Manual.

### **Background**

The G&P Manual is designed to serve as a reference guide regarding the functions of the CBA and its committees, roles of CBA members, CBA leadership and committee members, and procedures for CBA and committee meetings.

The G&P Manual includes, but is not limited to, summarizing existing law and policy of the CBA as it relates to the functions of the CBA, roles of CBA members and CBA leadership. The G&P Manual also includes information regarding CBA committees and task forces, representations on behalf of the CBA, training, expense reimbursement and other helpful resources to assist members in better understanding the responsibilities of their appointment.

### **Comments**

The edits to the G&P Manual are identified by underline and strikethrough. The following highlight the edits made to the G&P:

- Updated the number of licensees (*page 1*)
- Updated language regarding the annual EO evaluation (*page 4*)

# **Review and Approval of Proposed Changes to the California Board of Accountancy Member Guidelines and Procedures Manual**

Page 2 of 2

- Updated language to include DCA director approving travel expense claims on page 6
- Updated language to include virtual meetings (*page 7*)
- Updated the percentages of enforcement matters regarding default decisions, stipulated settlements, and proposed decisions (*pages 12 through 14*)
- Removed language referencing committee chairs counting the vote during a motion (*page 17*)
- On the statutory committees, updated the information to include that members must have a license in an active status (*pages 18 and 19*)
- Removed language regarding Section 69 meetings for employers not in geographic area of the upcoming Qualifications Committee meeting (*page 20*)
- Updated language regarding travel memorandums for in-person meetings (*page 31*)
- Updated various web links regarding required training
- Various non-substantive edits throughout the manual

## **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

## **Recommendation**

Staff recommend that the CBA adopt the January 2021 version of the CBA G&P Manual and welcome any suggestions or edits.

## **Attachment**

CBA Member Guidelines and Procedures Manual

# California Board of Accountancy

---

**CBA Member**

## **Guidelines and Procedures Manual**

CALIFORNIA BOARD OF  
ACCOUNTANCY

Updated  
January ~~2021~~2020



AMENDMENTS TO THE GUIDELINES AND PROCEDURES MANUAL  
Formerly: BOARD OPERATIONS MANUAL

September 30, 1994  
March 15, 1995  
June 10, 1997  
November 21, 1997  
January 23, 1998  
March 21, 1998  
January 26, 2001  
January 1, 2003  
April 1, 2004

Revised and Restated  
January, 2010

Amendments to the Guidelines and Procedures Manual

July 2012  
January 2013  
January 2014  
January 2015  
June 2015  
January 2016  
December 2016  
February 2017  
August 2017  
January 2018  
January 2019  
January 2020  
January 2021

*The information provided in this document is for the purpose of providing a general overview of the California Board of Accountancy guidelines and procedures. It is not intended to cover all topics or issues. The document does not supersede any statutes, regulations, or case law; and if there is a conflict, the statute, regulation, or case law is controlling. Further, this does not override legal advice by Department of Consumer Affairs or Attorney General's Office.*

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## SECTION I.

### THE CALIFORNIA BOARD OF ACCOUNTANCY

---

For over 100 years, the California Legislature has entrusted the California Board of Accountancy (CBA) with protecting the public related to the practice of public accountancy in California. The CBA's mission evokes this charge: "To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with applicable professional standards."

The breadth of the CBA's influence in the regulatory environment stretches beyond California's borders. The CBA regulates over ~~107~~108,000 licensees, including individuals (certified public accountants [CPA] and public accountants [PA]) and accounting firms (partnerships, corporations, and out-of-state registered firms). Many of the accounting firms that the CBA regulates have national footprints and some with footprints worldwide. CPAs work in a wide range of areas including, accounting firms, private industry, government, and academia, and provide services to clients of all sizes and needs.

The CBA recognizes the scope of its regulatory influence. With stakeholders ranging from consumers needing accounting services; lenders, shareholders, and investors that rely on services rendered by CPAs; and businesses – large and small – that use CPAs to establish internal accounting controls (to name a few), the protection of the public shapes the policies, regulations, and enforcement decisions reached by the CBA.

By authority of the California Accountancy Act, the CBA:

- Ensures that only candidates who meet certain qualifications are allowed to take the national Uniform CPA Examination.
- Certifies, licenses and renews licenses of individual CPAs and PAs.
- Registers accountancy partnerships, accountancy corporations, and out-of-state accountancy firms.
- Takes disciplinary action against licensees for violation of CBA statutes and regulations.
- Monitors compliance with continuing education and peer review requirements.
- Reviews work products of CPAs, PAs and accountancy firms to ensure adherence to professional standards.
- Oversees out-of-state licensees who exercise a practice privilege in California.

The CBA establishes and maintains entry-level standards of qualification and conduct within the accounting profession, primarily through its licensing authority.

Through its Examination and Initial Licensure programs, the CBA qualifies California candidates for the national Uniform CPA Examination, certifies and licenses individual CPAs, and registers accountancy firms. The CBA's License Renewal and Continuing Competency Program focuses on license renewal, ensuring that licensees maintain a currency of professional knowledge to competently practice public accountancy.

Through its Practice Privilege program (commonly referred to as mobility), qualified out-of-state CPAs may practice public accountancy in California without providing notice or paying a fee. All CPAs practicing in California under the mobility program are subject to the disciplinary authority of the CBA. Further, CPAs must report certain disqualifying events prior to exercising a practice privilege or cease practicing in this state until authorized by the CBA.

To ensure that the consumers of California are protected, the CBA maintains a website with public information about individuals and firms exercising a practice privilege in California. In addition, it contains a search mechanism by which consumers can find current license status information on out-of-state licensees.

The objective of the CBA Enforcement Program is to protect consumers, minimize substandard practice, and rehabilitate and discipline licensees, as warranted. The CBA has the authority to discipline not only licenses held by individuals, but those of firms as well. Enforcement activities include investigating complaints against persons practicing public accountancy without a license and taking disciplinary action against licensees for violations of applicable statutes and regulations. The CBA's Enforcement Program receives complaints from consumers, licensees, professional societies, law enforcement agencies, other government agencies, and internal referrals.

#### A. MISSION AND VISION OF THE CBA

The Mission of the CBA is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

The Vision of the CBA is that all consumers are well informed and receive quality accounting services from licensees they can trust.

#### B. COMPOSITION (Ref. Business & Professions Code §§ 5000 & 5001.)

The CBA consists of 15 members, seven of whom must be certified public accountants, and eight of whom must be public members who are not licensees of the CBA.

The Governor appoints four of the public members and all of the licensee members with individuals representing a cross section of the accounting profession. The Senate Rules Committee and the Speaker of the Assembly each appoints two public members.

#### C. QUALIFICATIONS (Ref. Business & Professions Code §§ 5000.5 & 5001.)

Each public member of the CBA must not:

- Be a current or former licensee of the CBA
- Be an immediate family member of a licensee
- Be currently or formerly employed by a public accounting firm, bookkeeping firm, or firm engaged in providing tax preparation as its primary business
- Have any financial interest in the business of a licensee

Each licensee member of the CBA must:

- Currently be engaged in the practice of public accountancy for a period of not less than five years preceding the date of their appointment, except for the educator position authorized by section 5001(b)

All members of the CBA must:

- Currently be a citizen of the United States and a resident of California for at least five years preceding the date of their appointment
- Be of good character
- Take and subscribe to the Oath of Office and file the Oath with the Secretary of State

D. CBA MEMBER RESPONSIBILITIES AND DUTIES (Ref. Business & Professions Code § 5000.1)

1. Responsibilities.

The CBA members are responsible for carrying out the mission of the CBA as delineated in Section I.A. of this manual. Business and Professions Code section 5000.1 states, "protection of the public shall be the highest priority for the CBA in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount." In addition, CBA members are to adhere to all statutory and regulatory requirements as well as all policies and procedures contained in this Guidelines and Procedures Manual.

2. Duties.

All members are to attend CBA meetings and consider volunteering to participate as CBA Liaison to at least one legislatively established advisory committee and participate as a member of at least one of the following committees comprised of only CBA members:

- Legislative Committee
- Committee on Professional Conduct
- Enforcement Program Oversight Committee
- Other Committees and Task Forces

3. Mentoring.

The purpose of CBA Mentor Guidelines is to assist new members in becoming familiar with the CBA structure, meetings, and present priorities.

When a new member is appointed to the CBA, a mentor shall be assigned by the CBA President and, when necessary, in consultation with the CBA Executive Officer. The mentor (which can be a former or current CBA member) will assist the new member in getting acclimated to his/her role on the CBA. This will include open discussion on any matter presently or previously discussed by the CBA (with the exception of closed session matters). This provides an opportunity for the new member to receive insight regarding the activities, history, and priorities of the CBA.

If the mentor is a current CBA member, s/he may wish to sit adjacent to the new member during his/her first CBA meeting and assist in providing guidance on the meeting materials and answer any procedural questions that may arise.

#### 4. Executive Officer Evaluation.

Each November, CBA members and the DCA-Director of the Department of Consumer Affairs (DCA) will complete an evaluation of the Executive Officer. The CBA President will use the surveys to complete a written summary of the evaluations. The CBA has the option of meeting in closed session with a representative from DCA's Office of Human Resources Department to discuss the Executive Officer's performance appraisal and answer any questions the members may have. The original evaluation is signed by the CBA President and Executive Officer and sent to the Department of Consumer Affairs (DCA) Office of Human Resources Office for placement in the Executive Officer's Official Personnel File.

In accordance with Government Code section 11126, the CBA may hold a closed session to consider complaints or charges brought against the Executive Officer or to consider the dismissal of the Executive Officer, unless the Executive Officer requests a public hearing. The CBA may deliberate on any decision to be reached on any of the aforementioned issues in a closed session. Any action to appoint, employ, or dismiss the employee taken must be publicly reported at a subsequent meeting. The CBA President should contact DCA Legal Counsel regarding proper compliance with Open Meeting Act requirements prior to considering any action.

#### E. TENURE (Ref. Business & Professions Code § 5002).

Each member is appointed for a term of four years and holds office until they are reappointed, a successor is appointed, or until one year has elapsed since the expiration of the term for which he/she was appointed (grace period), whichever occurs first.

No person shall serve more than two, four-year terms consecutively.

Vacancies must be filled by a person in the same capacity (public or licensee member) as the person being replaced.

The Governor must remove any licensee member whose permit to practice becomes void, revoked or suspended.

Any member may, after an administrative hearing, be removed by the Governor for neglect of duty or other just cause.

If a member is appointed to fill a vacant seat in what would be the middle of the previous member's term, the rest of that term does not count against the two-term limit, as it is still defined as the previous member's term.

#### F. OFFICERS (Ref. Business & Professions Code §§ 5003, 5004 & 5007).

The officers of the CBA are President, Vice-President, and Secretary/Treasurer.

## 1. Election of Officers.

The process for the election of officers is as follows:

- At the September CBA meeting, the President shall inform members that the election of officers will be held at the November CBA meeting.
- Interested candidates are requested to prepare a one-page written summary outlining their qualifications for the position for which they are applying, which will serve as a self-nomination. Candidates are limited to being nominated for one officer position. The summary is to be sent to the Executive Analyst by a date determined by the Executive Officer and CBA President.
- The nominations shall be distributed as part of the agenda items for the November CBA meeting.
- At the November CBA meeting, the President shall ask if there are any additional nominations for the officer positions. Any member who is nominated may be given up to five minutes of floor time to describe why they are qualified for the position.
- After all nominations have been confirmed, the President will close nominations.
- The vote for officer positions shall be held in the following order: Secretary/Treasurer, Vice-President, and President.
- A roll call vote will be taken for each officer position nominee, starting in alphabetical order by the candidate's last name.
- Members can vote "Yes," "No," or abstain from the vote for each nominee.
- The first nominee to receive a majority vote will win the officer position.
- In the event none of the nominees receive a majority vote, the voting will continue until a majority vote is received. To assist in this process, the President may allow nominees to make a statement regarding their qualifications, within an established and reasonable time limit.
- The President, Vice-President, and Secretary/Treasurer serve one-year terms and may not serve more than two consecutive one-year terms. The newly elected President, Vice-President, and Secretary/Treasurer shall assume the duties of their respective offices at the conclusion of the meeting at which they were elected.

## 2. Vacancy.

In the event of a vacancy of the Vice-President or Secretary/Treasurer prior to the annual election of officers, the CBA President shall make an interim appointment to fill the vacancy effective until the next election cycle. In the event of a vacancy of the President, the Vice-President shall become the President.

### 3. Duties.

#### a. President.

The President shall perform general administrative duties, as well as the following:

- Preside over CBA meetings
- Approve the agenda and time schedule
- Appoint CBA members as Liaison to the Enforcement Advisory Committee, Peer Review Oversight Committee, and Qualifications Committee
- Appoint CBA members to CBA committees and task forces
- Establish other CBA committees as needed
- Make decisions regarding CBA matters between meetings
- Coordinate the annual evaluation of the Executive Officer
- When necessary, make interim appointments to the Enforcement Advisory Committee, Peer Review Oversight Committee, and Qualifications Committee, subject to ratification at the next CBA Meeting
- Monitor CBA member attendance at CBA Meetings, and report issues to DCA
- Make interim appointments to the Vice-President and Secretary/Treasurer positions should they become vacant mid-term
- Assign travel expense claims to be reviewed internally by CBA staff for adherence to established travel guidelines and subsequently, delegate approval to DCA's Director or Deputy Director, of Board and Bureau Relations.
- Interface with the CBA staff regarding internal audit matters affecting the CBA. These matters include such issues as internal audit findings, requests for special reviews, and other related concerns or topics.

#### b. Vice-President.

The Vice-President shall perform the following:

- Act in the absence of the President
- Review applications and recommend appointments for membership on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review

Oversight Committee. Recommend reappointments of existing members, including appointments and reappointments for leadership roles.

- Perform any other duties as assigned by the CBA President
- Review and act upon time sensitive appeals to the CBA by CPA Licensure candidates

c. Secretary/Treasurer.

The Secretary/Treasurer shall perform the following:

- Act as Liaison to CBA staff for fiscal/budgetary functions and routinely report to the CBA regarding relevant matters. This includes reviewing the quarterly and year-end financial statements, in concert with the President. After review, the Secretary/Treasurer presents the financial statement to the CBA
- Perform other duties as requested by the CBA President

G. MEETINGS (Ref. Business & Professions Code §§ 5016 & 5017).

All meetings of the CBA and its committees, subcommittees and task forces are subject to the Bagley-Keene Open Meeting Act. This Act is summarized in a document developed by DCA, and includes statutory requirements for conducting Teleconference, Emergency Meetings, or both. **(Appendix 1)** Pursuant to the provisions of Governor Gavin Newsom's Executive Order N-29-20 in response to the COVID-19 pandemic, travel restrictions and social distancing requirements may necessitate CBA and committee meetings being conducted by way of video conference.

1. Frequency.

The CBA meets regularly during the year. The dates are normally established annually at the January or March meeting for the following calendar year.

2. Locations.

The CBA chooses locations that are American's with Disabilities Act compliant and easily accessible to the public, applicants, and licensees. Pursuant to Business and Professions Code section 101.7, the CBA must meet at least two times each calendar year, once in Northern California and once in Southern California to facilitate participation by the public and its licensees. The CBA also recognizes its responsibility regarding the public's concern for the judicious use of public funds when choosing meeting facilities and overnight accommodations.

3. Attendance.

Members are expected to attend all scheduled CBA meetings. Regular attendance ensures current knowledge of procedures and policies as well as an equitable sharing of duties and responsibilities.



Should a member miss two consecutive meetings, the CBA President may notify the Director of the DCA.

Arrival and departure times of each member are recorded in the CBA minutes.

4. Agenda.

The CBA President, with the assistance of the Executive Officer, shall prepare the agenda and tentative time schedule.

The agenda mailing list shall include CBA members, committee, and task force chairs and vice-chairs, and those parties who have requested to be notified.

5. Notice Requirements.

The notice requirements defined by the Bagley-Keene Open Meeting Act are summarized in the guide provided by DCA. **(Appendix 1)**

6. Closed Session.

There are multiple types of closed session meetings conducted by the CBA and are further identified on pages 12 through ~~165~~.

Matters that can be considered in closed session are defined by the Bagley-Keene Open Meeting Act.

7. Minutes.

Draft minutes are prepared and distributed to the CBA President, DCA Legal Counsel, and CBA members and are available for public viewing via the CBA website prior to the subsequent meeting. During the CBA meeting, any necessary corrections are incorporated into the minutes and are then moved for adoption.

After adoption by the CBA, the minutes are signed by the CBA President and Secretary/Treasurer, bound by year, and retained in the CBA office as a public record of the CBA's activities. The minutes are also posted on the CBA website for at least three years in accordance with Business and Professions Code section 5017.1.

8. Voting.

A majority of the CBA, which is eight members, shall constitute a quorum for the transaction of any business.

a. Recording.

In accordance with Government Code section 11123, after each motion, a roll call will be taken by the Executive Analyst. Member's names will be called and each member will state their vote for the motion as yes, no, or abstain. Each member's vote for the action, or the abstention or recusal of each member attending the meeting, will be

recorded in the minutes. Those absent are recorded after every motion unless the member is shown as absent for the entire meeting.

Excerpts from minutes must be accompanied by the first two pages of the same minutes that list those in attendance.

Subsequent modification to these procedures may be needed as deemed appropriate and in accordance with the provisions of the Bagley-Keene Open Meeting Act.

b. Abstentions.

A CBA member will abstain from voting on an issue if for any reason a conflict of interest is or may be perceived to be present.

Abstentions do not prevent a motion from carrying as a majority of the vote is determined by the votes actually cast. For example, if seven members vote in favor of a motion, six members vote against, and two abstain, the motion would carry.

c. Mail Votes.

Mail votes are not permitted except in disciplinary matters. The CBA has 100 days from the receipt by the CBA of a proposed decision by an Administrative Law Judge to act (Government Code section 11517 (c)(2)). A mail vote may be taken at the direction of the CBA President.

9. Webcast. (Ref. Business and Professions Code § 5017.5).

All CBA meetings are recorded, webcast live, provide closed captioning, and are archived on the CBA website for three years.

10. Adjournment.

The CBA has delegated the adjournment of the meeting to the CBA President and the respective committee chairs. The CBA President and committee chairs will adjourn their respective meetings in accordance with the Bagley-Keene Open Meeting Act. If adjournment of the meeting is immediately after closed session, the meeting will be reconvened into open session prior to adjournment.

H. APPEALS TO THE CBA.

Applicants, who are aggrieved by any action taken by a committee or staff of the CBA as it relates to experience for CPA licensure, can submit an appeal, pursuant to CBA Regulation section 49. Appeals should be submitted a minimum of 20 working days prior to a CBA meeting to be considered.

The CBA will not consider new information unless previously reviewed by the appropriate committee, subcommittee, task force, or staff.

Formal denials of licensure (Statement of Issues) will be handled in accordance with the appeals processes set forth in the Administrative Procedure Act (Government Code sections 11500 and following).

I. PETITION FOR REINSTATEMENT OR REDUCTION OF PENALTY.

Petitions must be received in a sufficient amount of time prior to any CBA meeting to allow processing and compiling of the information for CBA consideration. The CBA generally will hold a formal hearing, with an Administrative Law Judge, to consider these matters. In some instances, the CBA may review only the written record and render a decision without a hearing. Only CBA members who are present for the entire hearing shall be permitted to vote.

J. PRESENTATIONS.

Individuals, groups, or both wishing to make a formal presentation to the CBA are requested to notify the CBA office 20 working days prior to the meeting. This is not intended to preclude public comment on specific agenda items or on other general matters. If the CBA President approves the request and places the item on the agenda, presenters should provide any written material to supplement their presentations 14 days in advance of the meeting.

K. COMMITTEES AND TASK FORCES.

Committees and task forces, other than those established by statute, are created by the CBA President on behalf of the CBA. A CBA and committee roster is included as [\(Appendix 2\)](#).

L. APPOINTMENTS TO THE ENFORCEMENT ADVISORY COMMITTEE, PEER REVIEW OVERSIGHT COMMITTEE AND QUALIFICATIONS COMMITTEE.

New appointments and reappointments are made as needed, through the process outlined in the Committee Member Resource Guide. The Committee Member Resource Guide is located on the CBA's website. Opportunities to participate on a CBA committee is noticed in the CBA's newsletter, **UPDATE**, and on the CBA website.

M. RESPONSIBILITY OF CBA MEMBER LIAISONS TO COMMITTEES AND TASK FORCES.

CBA members acting as Liaisons to committees, task forces, or CBA programs are responsible for keeping the CBA informed regarding emerging issues and recommendations made at the committee or task force level. In addition, the Liaison is to keep the committee or task force informed of CBA policies and assignments, and to make recommendations to the CBA regarding chair and vice-chair appointments.

When there is a southern and northern Liaison appointed to a committee, the Liaisons should communicate between meetings to ensure they are kept abreast of any committee issues. This can be facilitated by the CBA staff liaison to the committee. Liaisons should also consider participating in one Investigative Hearing, Probation Orientation (Enforcement Advisory Committee), or Applicant/Employer interview (Qualifications Committee) annually, to provide the members with a clear understanding of the committees' functions.

Finally, Liaisons assigned to the committees will evaluate committee chairs, vice-chairs, and members for whom they have specific knowledge of their performance, and report those evaluations to the President and Vice-President as required.

## N. EXAMINATION, LICENSURE, AND LICENSE RENEWAL PROGRAMS.

The following information is being provided for CBA members to reference as it contains a brief overview of the process to receive and maintain a license in California.

### 1. Uniform CPA Examination.

The Uniform CPA Examination is administered throughout 55 jurisdictions, including the 50 states and the U.S. territories of District of Columbia, Guam, Puerto Rico, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

The CBA has a contract with the National Association of State Boards of Accountancy, who maintains a national computerized CPA examination candidate database that stores information for the 55 jurisdictions on candidate's eligibility to test. The CBA qualifies candidates and provides oversight and policy/procedural direction.

The examination is written and graded by the American Institute of CPAs.

### 2. Initial Licensing.

After passage of the Uniform CPA Examination, and fulfillment of the requisite experience, an applicant may apply for licensure. Approximately 4,000-applications are received each year and the CBA licenses approximately 3,000-individuals and 400 firms annually.

Applications are reviewed by staff, and if warranted, an employer may be asked to appear with work papers to substantiate the verification of experience that was submitted on an applicant's behalf. This review is done by the Qualifications Committee. Individual applicants may also be required to appear before the Qualifications Committee to substantiate their experience if deemed necessary.

### 3. License Renewal and Continuing Competency.

Functions related to continuing education and the review of professional competence of licensees who practice public accountancy are included in the License Renewal and Continuing Competency Program. The primary function within the License Renewal and Continuing Competency Program is to ensure licensees have met California's renewal requirements.

At the time of license renewal, licensees are required to submit the license renewal application (documenting 80 hours of qualifying continuing education), a peer review reporting form, and remit the license renewal fee.

Additionally, licensees not previously fingerprinted for initial licensure or for whom the Department of Justice does not have an electronic record of the licensee's fingerprints

must submit fingerprints for a state and federal level clearance if they are renewing in an active status and not actively serving in the military.

Two programs are used to monitor licensees' compliance with the continuing education requirements – the Continuing Education Worksheet Review program and the Continuing Education Verification program. With the Continuing Education Worksheet Review program, staff review all licensees self-reported continuing education at the time of license renewal to ensure all continuing education requirements are met, while for the Continuing Education Verification program, a licensee must submit substantiating documentation to demonstrate proof of completion for the reported continuing education.

The other continuing education-related program activities include approval of courses to qualify for the Regulatory Review requirement, and review of requests for extension of time or exemption from completion of continuing education.

## O. ENFORCEMENT PROGRAM.

The CBA receives and investigates approximately 2,600 complaints each year. CBA members will see three different types of enforcement action, including:

### 1. Default Decision.

A default decision is prepared by a Deputy Attorney General for consideration by CBA members when a licensee does not timely file a Notice of Defense or fails to appear at the scheduled administrative hearing. If adopted by the CBA members, it results in the CBA taking action against the license. If the licensee fails to appear at the administrative hearing, the CBA members or Administrative Law Judge, before the proposed decision is issued, have discretion to grant an administrative hearing on reasonable notice to the parties.

Default decisions occur in about ~~30~~19 percent of the matters brought before the CBA members. Documents CBA members will receive include:

- Accusation
- Default Decision and Order
- Default Decision Investigatory Evidence Packet (the package will vary but generally include the Accusation, Statement to Respondent (including Declaration of Service), License History, Cost of Investigation and Prosecution, and Investigative Report)
- Memorandum from the CBA Legal Counsel that summarizes the causes for discipline and recommended options

During closed session, CBA members must make their decision based on the record, which includes only the items specified above. CBA Legal Counsel will present the Default items, and is limited to providing CBA members with advice on procedural and legal issues. Staff and the Deputy Attorney General liaison are not present in closed session for the CBA's discussion on default decisions. This is to ensure compliance with requirements associated with ex parte communication.

If the CBA members adopt the default decision, the licensee may serve a written motion within seven days of the default decision being served on the licensee requesting that the CBA members vacate the decision. CBA members may vacate the default decision and grant a hearing on a showing of “good cause.”

## 2. Stipulated Settlement.

A stipulated settlement is a negotiated agreement between the Enforcement Program, with the assistance of the Attorney General’s Office, and the licensee where the parties agree on a resolution to the matter. The Enforcement Program uses the CBA’s Disciplinary Guidelines, which have been adopted by the CBA, when drafting and negotiating stipulated settlements.

The CBA members vote whether to approve the proposed stipulated settlement as its decision and order in the matter. CBA members may adopt the proposed stipulated settlement as the CBA decision in the matter, make a counteroffer with alternate terms, or reject the proposed stipulated settlement and allow the matter to proceed to hearing. If the proposed stipulated settlement is not adopted by the CBA members, the matter is referred to the Enforcement Program to be scheduled for a hearing, unless another stipulated settlement is negotiated and presented to the CBA members for consideration.

Stipulated settlements occur in about ~~65~~73 percent of the matters brought before the CBA members. Documents CBA members will receive include:

- Accusation
- Stipulated Settlement
- Letter from the Deputy Attorney General advocating the adoption of the settlement
- Memorandum from the Enforcement Chief that summarizes the allegations in the Accusation, outlines the terms agreed to by the parties, and approximate costs incurred by the CBA in the investigation and prosecution of the matter

During closed session CBA members are free to discuss cases involving stipulated settlements with the Enforcement Chief prior to deciding on the cases. While ex parte communication is prohibited by the Administrative Procedure Act while cases are pending, it is specifically permitted by one of the standard conditions included in the proposed stipulated settlement, which the licensee has already agreed to prior to it being considered by the CBA.

All decisions rendered by CBA members must be based on the administrative record, which are the documents, described above, presented to the CBA members. CBA members are prohibited from unilaterally increasing the discipline terms of a proposed stipulated settlement, but they can make a counter-offer, or provide guidance to the Executive Officer and Enforcement Chief regarding future settlement negotiations. Staff and the Deputy Attorney General liaison are present in closed session for the CBA’s discussion of the stipulated settlement.

## 3. Proposed Decisions.

In cases where a licensee files a timely Notice of Defense and the case is not settled, it will proceed to a hearing before an Administrative Law Judge. A licensee’s rights include, but

are not limited to, the following: right to counsel at the licensee's own expense; notice and an opportunity to be heard, including the opportunity to present and rebut evidence; a hearing open to public observation; that the adjudicative function be separated from the investigative, prosecutorial, and advocacy functions within the CBA and a restriction on *ex parte* communication; and that the decision be in writing, based on the record, and include a statement of the factual and legal basis for the decision.<sup>1</sup>

The Administrative Law Judge will prepare a proposed decision, which will be provided to the CBA to make the final decision in the matter. The proposed decision will also include a recommended order that will (1) uphold the discipline advocated for by the agency, (2) modify the discipline or denial to include something less or more than the agency advocated, or (3) dismiss the case in its entirety.

CBA members must take one of the following five actions within 100 days of the date the CBA receives the proposed decision from the Office of Administrative Hearings:

1. Adopt the proposed decision in its entirety as its decision in the matter
2. Reduce the penalty proposed by the Administrative Law Judge and adopt the balance of the proposed decision
3. Make technical or other minor changes to the proposed decision and adopt the balance of it
4. Reject the proposed decision and refer the case back to the Administrative Law Judge for additional evidence
5. Reject (non-adopt) the proposed decision and decide the case on the record, including the transcript.

If CBA members do not take one of these five actions within the 100-day period, the proposed decision is deemed adopted by operation of law.

Rejection (non-adoption) of a proposed decision results in CBA members later reviewing the administrative record, hearing transcript, written or oral arguments by the parties, and then CBA members reaching their own decision based upon this information.

CBA Legal Counsel prepares a draft of the Decision After Rejection of Proposed Decision based on closed session discussion with CBA members, which they then review and approve. The CBA's final decision must be issued within 100 days after the date of the rejection of the proposed decision, or within 100 days after the CBA receives the hearing transcript, whichever is later. If required by "special circumstances," the CBA may extend the 100 days an additional 30 days.

Proposed decisions occur in about ~~five-eight~~ percent of the matters brought before the CBA members. Documents CBA members will receive include:

- Accusation
- Proposed decision
- Memorandum from CBA Legal Counsel that summarizes the findings and proposed discipline

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<sup>1</sup> The factual and legal basis for the decision. The factual basis for the decision must be based exclusively on the evidence in the hearing record (testimony and all exhibits received into evidence).



In making the initial determination regarding whether to adopt or reject a proposed decision during closed session, CBA members may ask CBA Legal Counsel questions regarding the California Accountancy Act, CBA Regulations, CBA's Disciplinary Guidelines, and procedural questions regarding matters that involve the proposed decisions being discussed.

At this stage, CBA members do not have a copy of the hearing transcript or administrative record and must make the decision based on the Accusation and the proposed decision. Staff and the Deputy Attorney General liaison are not present in closed session for the CBA's discussion of proposed decisions. This is to ensure compliance with requirements associated with *ex parte* communication.

Factors CBA members may wish to consider when adopting an Administrative Law Judge's proposed decision include:

1. The summary of the evidence supports the findings of fact, and the findings support the conclusions of law.
2. The law and standards of practice are interpreted correctly.
3. The witness' credibility is crucial to the decision and the findings of fact include a determination based substantially on the witness' credibility. The determination identifies specific evidence of the observed demeanor, manner, or attitude of the witness that supports the credibility determination.
4. The penalty fits within the disciplinary guidelines or any deviation from those guidelines has been adequately explained.
5. The terms and conditions of probation, if granted, provide the necessary public protection.

Factors CBA members may wish to consider when non-adopting an Administrative Law Judge's proposed decision include:

1. The Administrative Law Judge made an error in applying the relevant standard of practice for the issues in controversy at the hearing.
2. The witness' credibility is crucial to the decision. The findings of fact include a determination based substantially on the witness' credibility, but the determination does not identify specific evidence that supports the credibility determination.
3. The Administrative Law Judge made an error in interpreting the licensing law and/or regulations.
4. The Administrative Law Judge made correct conclusions of law and properly applied the standards of practice, but the penalty is substantially less than is appropriate to protect the public.

#### P. CBA MEMBER CONFLICT OF INTEREST IN DISCIPLINARY MATTERS.

A CBA member should not vote and should not be present for discussions on any disciplinary matter in which s/he has a conflict of interest. CBA's Legal Counsel should be contacted if you have a question of whether you have a conflict of interest in a particular case.

1. Investigative Consultants.



An Investigative Consultant is prohibited from working on any case where it is determined that s/he has a conflict of interest. CBA committee members may not be used in paid positions; e.g., investigative consultant or expert witness (\$100 per day per diem excluded).

## 2. Conflict of Interest Disclosure Statement.

In disciplinary matters the conflict of interest disclosure statement used by the Enforcement Advisory Committee members should be used as a guide for determining whether a CBA member should participate or vote in CBA deliberations. *Conflict of Interest information can be found in Section IV, beginning on page 37.* In some instances the relationship or conflict is of such significance the member should not be present during the CBA's deliberations. In all other matters the same guidelines generally apply although the law and rules are less stringent.

If a CBA member believes there is a potential or perceived conflict, the CBA member is to disclose the facts to the full CBA and legal counsel to obtain a determination as to the level of participation permitted.

## 3. *Ex parte* Communications.

*Ex parte* communications in disciplinary matters are prohibited (Government Code section 11430.70), with limited exceptions. Should information come to a member's attention that is not part of the administrative record or if contact is made by any of the participants, the member should immediately contact CBA's Legal Counsel for advice. A case may not be discussed with any person, including CBA members, other than at the CBA meeting when the matter is scheduled for discussion. A limited exception to this policy is when a member is acting in a Liaison capacity on one or more specific cases. If acting as a Liaison, the member may not vote or be present during CBA deliberations. If there are two or more Liaison members, at least one should attend each meeting.

## SECTION II.

### CBA COMMITTEES AND TASK FORCES

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The purpose of all committees is to serve in an advisory capacity to the CBA. The Enforcement Advisory, Peer Review Oversight, Qualifications Committees, and Mobility Stakeholder Group are created by statute, meaning their existence and responsibilities are set forth in the Accountancy Act. All other committees are “standing committees,” and may be created or dissolved at the CBA’s discretion.

Each standing committee and task force shall have a Chairperson and a Vice-Chairperson at the President’s discretion. The Chairperson is designated by the CBA President, and is tasked with running the committee/task force meeting. The Chair opens and closes the meeting, ~~and counts the vote.~~ The Chair is also responsible for coordinating with staff the creation of the minutes, ~~and the presentation of those minutes to the CBA.~~ CBA members who wish to attend standing committee meetings, but are not a part of the committee, may do so. However, pursuant to the Bagley-Keene Open Meetings Act, if the CBA member’s presence at the committee meeting would constitute a CBA quorum, they may make no comment, vote on any agenda item, or sit at the table with the committee.

Each year at the November CBA meeting, the President shall inform CBA members that if they wish to participate on a committee for the following year, they must submit written notice to the Executive Analyst. The Executive Analyst will then compile the list of interested parties, and supply it to the President in December. The President, at their discretion, will then make appointments to CBA committees effective the first of January, the following year.

Each statutory committee shall have a Chairperson and Vice-Chairperson. Recommendations for each are made by the CBA Vice-President and approved by the CBA. The Chairperson is tasked with running the committee meeting, open and closing the meeting, ~~and counting the votes.~~ The Chair is also responsible for coordinating with staff the creation of the minutes for approval by the committee and CBA. The Vice-Chairperson assists the Chairperson, when necessary, and assumes the Chairperson’s functions in his or her absence. Appointments to the Mobility Stakeholder Group are made by the CBA President.

Statutory committees are advisory in nature and are not policy-setting committees. Prior to any statutory committee discussing or taking action on a policy-related issue, the Chairperson, Vice Chairperson, or other designee should present the issue to the CBA for input and direction.

A. STATUTORY COMMITTEES (Ref. Business & Professions Code §§ 5020, 5023, 5024, 5076.1, and 5096.21).

1. Enforcement Advisory Committee.

a. Purpose.

To assist the CBA in an advisory nature with its enforcement activities by:

- Serving in a technical advisory capacity to the Executive Officer and the Enforcement Program. The Enforcement Advisory Committee members may

participate in investigative hearings along with staff investigators; counsel from the Attorney General's Office and where appropriate, outside counsel.

- In an appropriate manner, consistent with the Administrative Procedure Act, reporting its findings from any investigation or hearing to the CBA, or upon direction of the CBA, to the Executive Officer.
- Reviewing open investigations upon request by Enforcement staff and providing technical assistance.
- Reviewing closed investigations and reporting its findings and recommendations to the CBA or upon direction of the CBA, to the Executive Officer.
- Making recommendations and forwarding reports to the CBA for action on any matter on which it is authorized by the CBA to consider.

b. Membership.

\_\_\_\_\_The Enforcement Advisory Committee is comprised of up to 13 licensees, with a license in an active status.

c. Meetings/Minutes.

The Enforcement Advisory Committee meets approximately four times annually, generally for one day each meeting. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

2. Peer Review Oversight Committee.

a. Purpose.

To act as an advisory committee and assist the CBA in its oversight of the Peer Review Program by:

- Holding meetings as necessary in order to conduct business and report to the CBA regarding the effectiveness of mandatory peer review.
- Ensuring that Board-recognized peer review program providers (Provider) administer peer reviews in accordance with the standards set forth in CBA Regulations ~~Section~~section 48:
  - Conduct an annual administrative site visit.
  - Attend peer review board meetings, as necessary but sufficient to evaluate and assess the effectiveness of the program.
  - Attend peer review committee meetings, as necessary but sufficient to evaluate and assess the effectiveness of the program.
  - Attend meetings conducted for the purposes of accepting peer review reports, as necessary but sufficient to evaluate and assess the effectiveness of the program.
  - Conduct reviews of peer review reports on a sample basis.

- Attend, on a regular basis, peer reviewer training courses.
- Evaluating any *Application to Become A Board-recognized Peer Review Provider* and recommending approval or denial to the CBA.
- Referring to the CBA any Provider that fails to respond to any request.
- Collecting and analyzing statistical monitoring and reporting data from each Provider on an annual basis.
- Preparing an Annual Report to the CBA regarding the results of its oversight.
- Evaluating the Peer Reviewer Population.

b. Membership.

The Peer Review Oversight Committee is comprised of seven licensees with a license in an active status.

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c. Meetings/Minutes.

The Peer Review Oversight Committee meets approximately four times annually, generally for one day each meeting. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

3. Qualifications Committee.

a. Purpose.

To act as an advisory committee and assist the CBA in its licensure activities by:

- Conducting work paper reviews of experience of applicants appearing before the committee.
- Interviewing employers that appear before the committee under the provision of CBA Regulations section 69 (Section 69 review).
- Making recommendations and forwarding reports to the CBA for action on any matter on which it is authorized to act.

b. Membership.

\_\_\_\_\_ The Qualifications Committee is comprised of 13 licensees- with a license in an active status.

c. Meetings/Minutes.

The Qualifications Committee meets approximately four times annually, generally for one day each meeting. An additional Section 69 review may be conducted by Qualifications Committee members approximately one month prior to each committee meeting ~~for those employers not in the geographic area of the upcoming Qualifications Committee meeting.~~ Minutes are prepared from the meeting, and presented to the CBA for acceptance.

#### 4. Mobility Stakeholder Group.

##### a. Purpose.

To consider whether the provisions of the practice privilege law are consistent with the CBA's duty to protect the public, and whether the provisions of the practice privilege law satisfy the objectives of stakeholders of the accounting profession in this state, including consumers.

##### b. Membership.

- Two members of the CBA.
- Two representatives of the accounting profession.
- Two consumer representatives.
- One CBA enforcement staff.

##### c. Meetings/Minutes.

The Mobility Stakeholder Group generally meets before scheduled CBA meetings. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

#### 5. Other Committees.

The CBA may create and appoint other committees consisting of certified public accountants in good standing of this State or other qualified interested parties, who may but need not be members of the CBA for the purpose of making recommendations on such matters as may be specified by the CBA.

### B. STANDING, AD HOC, and OTHER COMMITTEES/TASK FORCES.

#### 1. Committee on Professional Conduct.

##### a. Purpose.

To assist the CBA in consideration of issues relating to professional conduct by:

- Considering and developing recommendations on issues that apply to the practice of public accountancy and affect consumers.

- Considering, formulating, and proposing policies and procedures related to emerging and unresolved issues.
- Reviewing selected exposure drafts and developing recommendations to present to the CBA.

b. Membership.

The Committee on Professional Conduct may be comprised of up to seven CBA members.

c. Meetings/Minutes.

The Committee on Professional Conduct generally meets before scheduled CBA meetings. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

2. Enforcement Program Oversight Committee.

a. Purpose.

To assist the CBA in the consideration of issues relating to the Enforcement Program by:

- Reviewing and proposing revisions to the CBA's *Manual of Disciplinary Guidelines and Model Disciplinary Orders*.
- Providing oversight on enforcement goals and objectives.
- Recommending proposed legislative and/or regulatory changes related to the Enforcement Program.
- Performing an internal audit of a closed and finalized enforcement case when specific concerns are raised by the CBA in a final decision, in accordance with established guidelines **(Appendix 3)**.
- Defining the responsibilities of the CBA member liaison to the Enforcement Advisory Committee.

b. Membership.

The Enforcement Program Oversight Committee may be comprised of up to seven CBA members.

c. Meetings/Minutes.

The Enforcement Program Oversight Committee generally meets before scheduled CBA meetings as deemed necessary. Meetings to review the CBA's Disciplinary Guidelines shall be held on a tri-annual basis. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

### 3. Legislative Committee.

#### a. Purpose.

To assist the CBA in its activities by:

- Reviewing, recommending, and advancing legislation relating to consumer protection and the practice of public accountancy.
- Coordinating the need for and use of CBA members to testify before the Legislature.

#### b. Membership.

The Legislative Committee may be comprised of up to seven CBA members.

#### c. Meetings/Minutes.

The Legislative Committee generally meets before scheduled CBA meetings. The frequency of the meetings is determined by the urgency of the issue(s) at hand and as required by the Chair. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

### 5. Task Forces.

Under the CBA's General Authority, the CBA may create Task forces, which are temporary and terminate at a prescribed time. Task forces may be comprised of CBA members, licensees, staff, and the general public. For a list of all current task forces, refer to the latest CBA and Committee roster. **(Appendix 2)**

### 6. National Committees.

The CBA encourages its members to participate in national committees, including committees of the American Institute of CPAs and National Association of State Boards of Accountancy. Members are presented with information on committee participation and an interest form each year during the March CBA meeting. **Appendix 4** includes a link to the National Association of State Boards of Accountancy and American Institute of CPAs national committees and information on participation.

## SECTION III.

### REPRESENTATIONS ON BEHALF OF THE CBA

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#### A. USE OF CBA STATIONERY.

Only correspondence that is transmitted directly by the CBA office may be printed or written on CBA stationery. Any correspondence from a CBA, committee, or task force member requiring use of CBA stationery or ~~California Board of Accountancy~~CBA/~~Department of Consumer Affairs~~DCA logo or emblem, should be transmitted to the CBA office for finalization and distribution. Any correspondence transmitted directly from a CBA, committee, or task force member must be printed or written on their personal, firm, or business stationery. The use of firm or business stationery for CBA business is subject to any limitations prescribed by the firm or business.

Members are issued a CBA email account upon appointment solely for the purpose of conducting CBA related business, but may choose to utilize their personal email account for CBA related business. Members obtaining a CBA email account are subject to the provisions identified in DCA Policy ISO 16-01, regarding Acceptable Use of Information Technology Systems. A copy of the policy will be provided upon request for a CBA email account. It should be noted that personal and business email accounts, if also used for CBA business, could be subject to subpoena or discovery in litigation.

#### B. TESTIMONY BEFORE THE LEGISLATURE.

Primary responsibility for testifying before the Legislature is the responsibility of the CBA President and Executive Officer, or their designee, as delegated by the CBA. Members are also asked to participate as deemed necessary by the President.

#### C. PUBLIC AND MEDIA RELATIONS.

It is important that the consumers of California have information regarding the activities, responsibilities, and mission of the CBA. This information must be disseminated properly and responsibly. Information is conveyed to consumers, licensees, examination applicants, constituents, and other stakeholders by two mechanisms: responding to inquiries, and initiating the release or communication of information. Nearly all information to consumers and the general public is communicated through the Internet, e-mail, and the news media; other information is conveyed by professional organizations, such as consumer advocacy groups, other regulatory entities, and professional society publications.

It is the CBA's policy to provide the public with as much information as possible about its activities in a manner that is both objective and factual. For example, the CBA's tri-annual publication, **UPDATE**, and the CBA's website list disciplinary actions taken against licensees. This information provides the name and locality of the licensee, the license number, the cause for discipline, the effective date of discipline, and the code violation(s) that were cited in the findings.

The CBA's website also has a License Lookup feature. Consumers and licensees can check the status of California licensed individuals, partnerships, corporations, and out-of-state



accounting firms registered in California. The License Lookup feature also provides a link to search out-of-state licensed CPAs.

**Statements to the News Media:** To establish a foundation for accurate news coverage regarding CBA activities, statements to the news media by the Executive Officer, the CBA President, or their designee, are to be confined to matters of procedure and matters of fact already on the record. All information conveyed must be fact, not opinion. Editorializing or interpreting the facts of a situation is inappropriate and can lead to misunderstandings and misinformation.

When queried about matters under investigation, in which an Accusation has not been filed, it is the policy of the CBA for the spokesperson to state: "It would be premature to discuss any matter that may or may not be under investigation by the CBA."

#### D. NEWS RELEASES.

The CBA issues three categories of news releases:

- Declarations of disciplinary actions when the CBA deems such an action necessary or desirable
- Information about CBA actions, findings, or other facts or details related to matters in which the consumers of California are clearly involved
- Information about the CBA's policies, actions, activities, or programs which may affect the consumers of California

The authority for issuing news releases relating to routine CBA business and notice of disciplinary actions resides with the Executive Officer and CBA President, who decide jointly whether a news release is appropriate.

News releases, information in **UPDATE** and on the website reporting actions by the CBA during closed session relating to disciplinary cases, may not be released for a period of 30 days, pending appeal by the respondent. If a writ of mandate is filed within the 30 days, the disciplinary action will still be published unless a stay order is issued by the court. In all instances, the composition of the vote of CBA members in closed session is not a matter of public record.

The content of each news release will determine the course of review the document must take. The Executive Officer, in consultation with the CBA President, will identify those parties to review each news release and identify the responsible party to draft the news release. While legal counsel will review the material prior to dissemination, final review, and authority to disseminate the news release is the charge of the CBA President, or his or her designee.

#### E. RESPONDING TO INQUIRIES.

All technical, license, or disciplinary inquiries to a CBA, committee, or task force member from applicants, licensees, or members of the public should be referred to the Executive Officer.

Contact of a CBA, committee, or task force member by a member of the news media should be referred to the Executive Officer.

F. SPEAKING ENGAGEMENTS.

CBA, committee, and task force members sometimes are requested to make presentations before various organizations regarding CBA business or activities. Such requests must be approved by the CBA President or the Executive Officer. A written list of topics the speaker intends to present must be provided prior to the presentation.

G. UPDATE (Ref. Business and Professions Code § 5008).

The CBA issues a tri-annual periodical publication **UPDATE**. This publication serves as a communication link between the CBA, its licensee population, and other interested parties.

All articles and any information offered for submission to the **UPDATE** for publication should be submitted to the **UPDATE** staff managing editor. All material, including informational or instructive articles, notices, forms, proposed statutory or regulatory language, or any other information for publication should be presented in final form. Upon receipt, all material will be reviewed by the **UPDATE** staff, appropriate CBA division managers and the Executive Officer, and subsequently forwarded to DCA's Legal Office and Executive Office for review before publication. Issues of **UPDATE** are primarily posted on the CBA's website, however, individuals can request a hard copy.

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## SECTION IV.

### BOARD MEMBER REQUIRED TRAINING AND FORMS

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California law requires various training and forms be completed by those who are appointed to positions within State of California Government. The training and forms are necessary to ensure members are aware of, and adhere to, the applicable laws surrounding conflict of interest, ethics, sexual harassment prevention, and defensive driving.

All CBA members are required to attend a training and orientation program offered by DCA within one year of assuming office (which also includes reappointments).

#### A. CONFLICT OF INTEREST - GENERAL GUIDELINES.

The Political Reform Act of 1974 (Proposition 9) governs conflicts of interest and is intended to prevent persons from financially benefiting by virtue of their official position. There are two major aspects of the Political Reform Act: one refers to disqualification, the other to financial disclosure. CBA members have responsibilities under each of these aspects which are separately discussed.

This act requires each state agency to adopt a Conflict of Interest Code that identifies all officials and employees within the agency who make governmental decisions based on the positions they hold. The identified individuals are required to annually report their financial interests on a Statement of Economic Interests form (Form 700).

The Fair Political Practices Commission has primary responsibility for administration of the Political Reform Act. Questions about obligations under the Political Reform Act can be directed to the Fair Political Practice Commission at: <http://www.fppc.ca.gov/advice.html> 1-866-ASK-FPPC (1-866-275-3772)

##### 1. Disqualification.

Government Code section 87100 sets forth the general prohibition: "No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest."

Any CBA member who has a financial interest must disqualify himself/herself from making or attempting to use his/her official position to influence the decision. The question of whether a CBA member has a financial interest that would present a legal conflict of interest is a complex one and must be decided on a case-by-case review of the particular facts involved. For more information on disqualification due to a possible conflict of interest, please refer to the Fair Political Practice Commission's Conflicts of Interest Rules at: <http://www.fppc.ca.gov/learn/conflicts-of-interest-rules.html>

The Executive Officer may request assistance from DCA Legal in evaluating a possible conflict of interest.

##### 2. Financial Disclosure.

The Conflict of Interest Code adopted by DCA requires all CBA members to file annual financial disclosure statements. This is accomplished by submitting a Form 700 – Statement of Economic Interests (**Appendix 5**). New CBA members are required to file a disclosure statement within 30 days after assuming office; or, if subject to Senate confirmation, 30 days after being appointed or nominated. Annual financial statements must be filed not later than April 1 of each year.

A "leaving office statement" must also be filed within 30 days after an affected CBA member or other official leaves office.

CBA members are not required to disclose all their financial interests. Government Code section 87302(b) indicates when an item is reportable:

An investment, interest in real property, or income shall be made reportable by the Conflict of Interest Code if the business entity in which the investment is held, the interest in real property, or the income or source of income may foresee ably be affected materially by any decision made or participated in by the designated employee by virtue of his or her position.

To determine what investments, interests in property or income must be reported by a CBA member, reference should be made to the DCA's Conflict of Interest Code. Questions concerning particular financial situations and related requirements should be directed to the DCA's Legal Office. More information is also available on the Fair Political Practice Commission's website, [www.fppc.ca.gov](http://www.fppc.ca.gov/Form700.html). <http://www.fppc.ca.gov/Form700.html>

### 3. DCA's Policy: Incompatible Activities (Ref. Government Code § 19990).

The following is a summary of the employment, activities, or enterprises, which might result in, or create the appearance of being inconsistent, incompatible, or in conflict with the duties of state officers:

- Using the prestige or influence of a state office or employment for the officer's or employee's private gain or advantage, or the private gain or advantage of another.
- Using state time, facilities, equipment, or supplies for the officer's or employee's private gain or advantage, or the private gain or advantage of another.
- Using confidential information acquired by virtue of state employment for the officer's or employee's private gain or advantage, or the private gain or advantage of another.
- Receiving or accepting money, or any other consideration, from anyone other than the state for the performance of an act which the officer or employee would be required or expected to render in the regular course or hours of his or her state employment or as a part of his or her duties as a state officer or employee.
- Performance of an act in other than his or her capacity as a state officer or employee knowing that such an act may later be subject, directly or indirectly, to the control, inspection, review, audit, or enforcement by such officer or employee or the agency by which he or she is employed. [This, of course, would not preclude an "industry"]

member of a CBA or commission from performing the normal functions of his or her occupation.]

- Receiving or accepting, directly or indirectly, any gift, including money, any service, gratuity, favor, entertainment, hospitality, loan, or any other thing of value from anyone who is doing or is seeking to do business of any kind with the state or whose activities are regulated or controlled in any way by the state, under circumstances from which it reasonably could be inferred that the gift was intended to influence him or her in his or her official duties or was intended as a reward for any official action on his or her part.
- The aforementioned limitations do not attempt to specify every possible limitation on employee activity that might be determined and prescribed under the authority of Section 19990 of the Government Code. DCA's Incompatible Work Activities Policy OHR 14-01 is included in **Appendix 6**. This policy acknowledgement is required when a member is initially appointed.

#### B. ETHICS TRAINING REQUIREMENT.

With the passage of Assembly Bill 2179 (~~1998~~ Chapter 364, [Statutes of 1998](#)), state appointees and employees in exempt positions are required to receive an ethics orientation within the first six months of their appointment and every two years thereafter. To comply with that directive you may ~~either~~ complete the interactive training on the website of the Office of the Attorney General ~~or view an interactive video available upon request~~. Ethics training information may be found at: [http://www.dcaboardmembers.ca.gov/training/ethics\\_orientation.shtml](http://www.dcaboardmembers.ca.gov/training/ethics_orientation.shtml)

#### C. SEXUAL HARASSMENT PREVENTION TRAINING.

In accordance with the DCA Sexual Harassment Prevention Policy (EEO 12-01), (**Appendix 7**) and to ensure compliance with Assembly Bill 1825 (~~Reyes~~, Chapter 933, Statutes of 2004), all DCA employees are required to receive biennial Sexual Harassment Prevention training. The training is mandatory for Rank and File Employees, Temporary Employees (Retired Annuitants, Proctors, Seasonal Employees, and Student Assistants), Managers, Supervisors, Board, Committee Members, and Commission Members. The Sexual Harassment Prevention training titled *Preventing Harassment and Other EEO Issues at Work: It's All About Respect (Assembly Bill 1825 Compliance)* offers real life scenarios and interactive question and answer segments. DCA requires that all employees complete Sexual Harassment Prevention Training within six months of appointment and in every odd calendar year. Training is offered via webinars ~~or in a classroom~~.

#### D. DEFENSIVE DRIVERS TRAINING REQUIREMENT.

Pursuant to the State Administrative Manual, all State employees, which includes CBA and Committee Members, who drive a vehicle on official state business must complete the Department of General Services approved Defensive Driver Training within the first six months of their appointment and every four years thereafter. Defensive Driver Training information may be found at: <https://ddt.dgs.ca.gov/>  
<http://www.dgs.ca.gov/orim/Programs/DDTOnlineTraining.aspx>

E. BOARD MEMBER ORIENTATION TRAINING.

Newly appointed and reappointed members are required to attend a Board Member Orientation Training within one year of assuming office, including each reappointment. The orientation covers applicable laws surrounding conflict of interest, ethics, sexual harassment prevention, and defensive driving, in addition to covering other topics that will ensure a member's success, including an overview of DCA, the Bagley-Keene Open Meetings Act, the Discipline Process, and the Administrative Procedure Act. This training is in addition to a CBA-specific orientation provided by CBA staff.

DCA also maintains a website which serves as a resource center for board members. The website link is provided in **Appendix 8**.

## SECTION V.

### EXPENSE REIMBURSEMENT

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#### A. PER DIEM AND TRAVEL.

##### 1. CBA Member Travel.

CBA staff is always available to assist members with any CBA-related travel arrangements including air or train transportation, car rental, and any lodging. If a CBA member chooses to coordinate their own travel arrangements, they should use CalTravelStore's online portal [www.concur.com](http://www.concur.com) to book their travel. Member's Concur accounts will be setup by CBA staff using the member's personal email address and a temporary password, which will be sent to you via email by the CBA Board Relations Analyst. Prior to travel, members will need to update the temporary password and add any applicable information, including rewards/frequent flyer traveler information and TSA Pre ✓Known Traveler Number.

More information regarding CalTravelStore can be found at:  
<http://www.caltravelstore.com>.

CBA members are also encouraged to utilize the most economic source of transportation available. For example, if ~~there is~~ a shuttle from the airport to the hotel available, ~~this is more it is less~~ economical ~~than to renting~~ a car or taking a taxi. To ensure full reimbursement of travel costs, requests for using a less economical mode of transportation should be submitted prior to travel to the Board Relations Analyst.

##### 2. Lodging for ~~Board~~CBA/Committee Meeting.

When a CBA or Committee meeting is being held publicly at a physical location, the Executive Analyst will send out a memorandum a Approximately four weeks before CBA and Committee meetings, ~~the Executive Analyst will send out a memorandum~~ detailing the name and address of the chosen hotel where a room block has been setup for lodging. Each member must contact the hotel directly to secure a room reservation. CBA staff is available to assist CBA members in making travel reservations, or members are free to coordinate them on their own.

##### 3. Reimbursement for Travel and Per Diem expenses.

All new CBA members are provided with an electronic copy of the Per Diem and Travel Expense Worksheet when they are appointed. A paper copy is also available at all [in-person](#) meetings. **(Appendix 9)**. Please complete the worksheet, and return it to the CBA office as soon as possible following the CBA meeting. Staff cannot process your Per Diem and travel expense claim without it. A few key notes regarding the completion of the form:

- The form is actually two forms in one. The top section authorizes the payment of Per Diem of \$100 per day; the bottom section is where CBA members claim expenses for reimbursement.



- Please make sure to complete the time section of the Travel Expense Claim. Breakfast, lunch, dinner, and incidental payments all correspond to the time the traveler left and arrived at travel headquarters.
- In order to complete your travel expense claim, you must submit the original copy of all receipts, with the exception of meals. This includes a copy of your airline itinerary and hotel receipt. Please make sure that the hotel receipt you submit has a zero balance. DCA will NOT pay any receipts that show a balance due.
- When requesting reimbursement for personal vehicle mileage, you must include where the trip originated from, where it ended, and the license plate number of the vehicle. For example, enter From: Home, 123 Green Street, Sacramento, CA 95815 To: CBA Office, 2450 Venture Oaks Way, Sacramento, CA 95833.
- CBA members shall have CBA President pre-approval for all travel and per diem reimbursement, except for regularly scheduled ~~board-CBA~~ and ~~committee-Committee~~ meetings to which a CBA member is assigned. CBA members will be reimbursed for per diem and travel expenses incurred while performing approved board business in accordance with State-mandated requirements and reimbursement criteria.

Travel expenses are reimbursed in accordance with the policies found within the California Code of Regulations, Title 2 (Personnel Administration), Division 1 (Administrative Personnel), Chapter 3 (Department of Personnel Administration), Subchapter 1 (General Civil Service Rules), Article 2 (Travel Expenses), and employee Memoranda of Understanding (MOU).

DCA has compiled a guide to assist in interpreting the various policies, which is what CBA staff use when processing travel expense claims. The DCA Travel Guide is provided as **Appendix 10**.

## SECTION VI.

### COMMONLY USED ACRONYMS

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AAA	American Accounting Association
AB	Assembly Bill
AEO	Assistant Executive Officer
AG	Attorney General
AICPA	American Institute of Certified Public Accountants
ALD	Accountancy Licensee Database
ALJ	Administrative Law Judge
APA	Administrative Procedure Act
ARPL	<a href="#">Alliance for Responsible Professional Licensing</a>
BCSHA	Business, Consumer Services, and Housing Agency
BPC	Business and Professions Code
CA	Chartered Accountant
CAC	Compliance Assurance Committee (National Association of State Boards of Accountancy)
CalCPA	California Society of Certified Public Accountants
CalHR	California Department of Human Resources ( <a href="#">Formerly State Personnel Board and Department of Personnel Administration</a> )
CBA	California Board of Accountancy
CBT	Computer Based Testing
CCR	California Code of Regulations
CE	Continuing Education
CFE	Certified Fraud Examiner
CGMA	Chartered Global Management Accountant
CMA	Certified Management Accountant
COR	Corporation
CORI	Criminal Offender Record Information
CPA	Certified Public Accountant
CPAverify	Centralized database of licensing professionals from participating jurisdictions
CPC	Committee on Professional Conduct
CPE	Continuing Professional Education
CPIL	Center for Public Interest Law
CTEC	California Tax Education Council
DA	District Attorney
DAG	Deputy Attorney General
DCA	Department of Consumer Affairs
DGS	Department of General Services
DOF	Department of Finance
DOI	Division of Investigation
DOL	Department of Labor
EA	Enrolled Agent
EAC	Enforcement Advisory Committee
EO	Executive Officer
EPOC	Enforcement Program Oversight Committee
ERISA	The Employee Retirement Income Security Act of 1974
FAF	Financial Accounting Foundation
FASB	Financial Accounting Standards Board

FNP	Fictitious Name Permit
FPPC	Fair Political Practices Commission
FTB	Franchise Tax Board
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Accounting Standards
GAGAS	Generally Accepted Government Accounting Standards
GAO	Government Accounting Office
GASB	Governmental Accounting Standards Board
IASB	International Accounting Standards Board
ICPA	Investigative Certified Public Accountant
iExam	International Delivery of the Uniform CPA Exam
IFRS	International Financial Reporting Standards
IH	Investigative Hearing
IRS	Internal Revenue Service
LC	Legislative Committee
MSG	Mobility Stakeholder Group
NASBA	National Association of State Boards of Accountancy
NPRC	National Peer Review Committee (American Institute of CPAs)
OAH	Office of Administrative Hearings
OAL	Office of Administrative Law
PA	Public Accountant
PAR	Partnership
PCAOB	Public Company Accounting Oversight Board
PRIMA	Peer Review Integrated Management Application
PROC	Peer Review Oversight Committee
QC	Qualifications Committee
RAB	Report Acceptance Body (California Society of CPAs)
SAS	Statement on Auditing Standards
SB	Senate Bill
SCO	State Controller's Office
SEC	Securities and Exchange Commission
SSAEs	Statements on Standards for Attestation Engagements
SSARS	Statement on Standards for Accounting and Review Services
TEC	Travel Expense Claim
UAA	Uniform Accountancy Act

## SECTION VII.

### RESOURCE LIST

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APPENDIX 1	DCA Guide to the Bagley-Keene Open Meeting Act <a href="http://www.dca.ca.gov/publications/bagleykeene_meetingact.pdf">http://www.dca.ca.gov/publications/bagleykeene_meetingact.pdf</a>
APPENDIX 2	CBA and Committee Roster <a href="http://www.dca.ca.gov/cba/about-cba/commitroster.pdf">http://www.dca.ca.gov/cba/about-cba/commitroster.pdf</a>
APPENDIX 3	Guidelines for Performing an Internal Audit of a Closed and Finalized Enforcement Case (Attachment)
APPENDIX 4	NASBA and AICPA National Committees: <a href="http://www.nasba.org/mc/committees/">http://www.nasba.org/mc/committees/</a> <a href="https://volunteers.aicpa.org/">https://volunteers.aicpa.org/</a>
APPENDIX 5	Form 700 – Statement of Economic Interests <a href="http://www.fppc.ca.gov/Form700.html">http://www.fppc.ca.gov/Form700.html</a>
APPENDIX 6	DCA’s Incompatible Work Activities Policy and Procedure OHR 14-01 (Attachment)
APPENDIX 7	DCA’s Sexual Harassment Prevention Policy EEO 12-01 (Attachment)
APPENDIX 8	DCA’s Board Member Resource Center <a href="http://www.dcaboardmembers.ca.gov/index.shtml">http://www.dcaboardmembers.ca.gov/index.shtml</a>
APPENDIX 9	Per Diem and Travel Expense Worksheet with Travel Reimbursement Guidelines (Attachment)
APPENDIX 10	DCA Travel Guide (Attachment)

**APPENDICES AVAILABLE UPON REQUEST**



# Communications and OUTREACH

[www.cba.ca.gov](http://www.cba.ca.gov)

January 2021

## UPCOMING OUTREACH EVENTS

The California Board of Accountancy (CBA) is preparing for two outreach events occurring in the weeks to come. President Nancy J. Corrigan, CPA, and CBA staff will be speaking at both events, which will be conducted virtually.

### Golden Gate University

Golden Gate University invited the CBA to deliver a seminar to its students about the requirements for the Uniform CPA Examination (CPA Exam) and licensure, and to answer student questions following the presentation. The event is scheduled for the evening of January 25.

### San Francisco State University

On February 11, the CBA will take part in an event sponsored by the California Society of CPAs titled, "Pathways to Success in Accounting." The CBA will give a presentation to the students of San Francisco State University on the requirements for the CPA Exam and licensure, as well as the upcoming changes to the CPA Exam in 2024.



## NEW AICPA OUTREACH TOOLKIT

The American Institute of CPAs (AICPA) recently released a new outreach toolkit on its website for use by state boards. CBA staff are reviewing the information to determine which materials can be incorporated into our own future outreach efforts, and what might warrant placement on the CBA website. The toolkit features a wealth of information regarding the CPA Exam in videos, PowerPoint slides, podcasts, and more, all in one convenient location. This will be helpful to staff preparing for outreach events, or simply to get the answer to a stakeholder's question.

## MILITARY ASSISTANCE

The CBA has historically supported legislative proposals that provide assistance to current and former members of the military. Many years ago, the CBA developed a webpage devoted to providing information for the military.

The Department of Consumer Affairs (DCA) recently established best practices that focus on enhancing assistance to the military. California law already allows for expedited processing for current, active duty members and their spouses or domestic partners, as well as former military members. CPA licensees called away to active military duty are also eligible for certain continuing education and fee waivers.

In partnership with DCA, the CBA will increase our efforts to assist the military in 2021, and identified Jennifer Jackson, Examination Unit Coordinator, to be our military liaison. She will oversee the information displayed on the CBA website, with the goal of improving its visibility and available resources, while implementing DCA's military best practices. Also, CBA staff will establish a military-specific CBA email address to streamline communication with current and former members of the military.

## **INVESTIGATIVE CPA RECRUITMENT BROCHURE**

In our efforts to fill the vacant Investigative CPA positions at the CBA, we teamed with DCA to create a brochure that can be mailed or emailed to licensees to raise awareness and heighten interest in the openings. We will also post it on our website and through social media channels, to assist recruitment efforts and broaden understanding of some of the work the CBA conducts. The brochure lists the required qualifications, and provides a link and instructions on how to apply online.

## **LICENSE LOOKUP**

The CBA is working with DCA to enhance how the License Lookup portal on our website will appear for searches resulting in licensees who have had disciplinary action taken against their license. Currently, there is not a visual distinction between searches that result in the license status of clear or those with discipline. At the suggestion of President Corrigan, CBA staff have requested for those with discipline against their license to be displayed in red, a more striking color, making the information clearer and easier for consumers.

## **CALIFORNIA SOCIETY OF CPAs VIDEO PROJECT**

An exciting outreach project for 2021 is a series of videos the CBA will partner with CalCPA in producing. Each video will be approximately three minutes long, and feature a particular topic of interest to CPA candidates. Topics will include education requirements, how to sign up for the CPA Exam, experience requirements, and more. CBA staff are grateful to CalCPA for including the CBA in this project, and look forward to teaming up to produce new content that is a benefit to our consumers.

Upon completion, CBA staff will post the videos on the CBA YouTube page, and link to them on the CBA website and our social media pages. With video being such an effective medium for promotion, it is important for the CBA to provide this additional, familiar way for candidates to acquaint themselves with the steps to achieving a CPA license. CBA staff will continue preliminary work with CalCPA and we have a status meeting set for early February.

## **REFUGEE AND IMMIGRANT APPLICATION EXPEDITING**

Staff implemented the changes brought about by the passage of Assembly Bill (AB) 2113, a bill supported by the CBA, and signed into law by Governor Gavin Newsom on September 27, 2020. AB 2113 requires DCA boards to expedite the initial licensure process for an applicant

who supplies satisfactory evidence that they have been admitted to the US as a refugee, granted asylum, or have a special immigrant visa. The CBA website has been updated.

On a related note, all recently changed California Accountancy Act statutes are now updated on the CBA website as well.

## INTRODUCING THE ALLIANCE FOR RESPONSIBLE PROFESSIONAL LICENSING

A new organization was created to support many professions, including accounting, named the Alliance for Responsible Professional Licensing (ARPL), with a focus to “educate policymakers and the public on the importance of high standards, rigorous education, and extensive experience within highly complex, technical professions that are relied upon to protect public safety and enhance public trust.”

ARPL advocates for licensing practices within professions that deliver uniform qualifications, standards, safety, and consistency, while also providing individuals with a clear career path and fair opportunities to pursue and maintain that career. The National Association of State Boards of Accountancy (NASBA) and AICPA are amongst many members of the organization, which is comprised of national associations. As an added resource to consumers and licensees, a link to the organization’s website, [www.responsiblelicensing.org](http://www.responsiblelicensing.org), was posted on the CBA’s website.

## E-NEWS

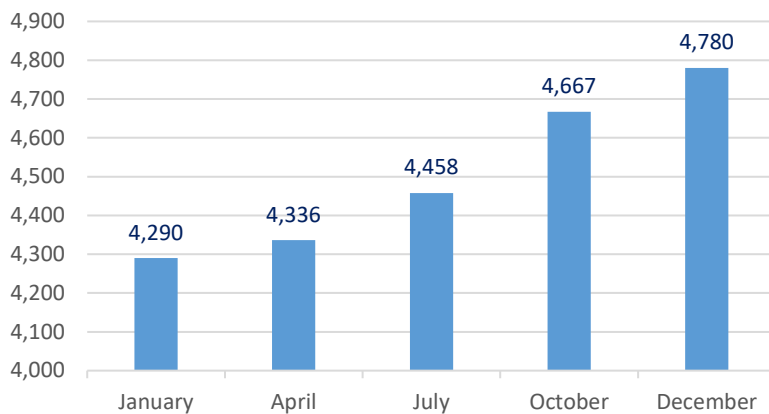
E-News Subscriptions	Total
Consumer Interest	5,179
Examination Applicant	3,243
Licensing Applicant	3,963
California Licensee	10,975
Out-of-State Licensee	2,720
Statutory/Regulatory	8,860
CBA Meeting Information & Agenda Materials	4,345
UPDATE Publication	8,849
<b>Total Subscribers</b>	<b>99,933</b>
<b>Total Subscriptions</b>	<b>48,134</b>

## SOCIAL MEDIA

The CBA is given many social media directives from DCA and the Governor’s office, and CBA staff work to amplify these messages, in addition to our regular posting. In the last year, the CBA collaborated DCA on campaigns regarding slowing the spread of COVID-19, raising awareness for the Census, and even reducing energy use during summer days of extreme heat.

The CBA's social media platforms grew 23 percent during calendar year 2020. Beginning the year with a social media audience of just over 7,400, the CBA gained more than 700 followers on LinkedIn, and nearly 500 each on Facebook and Twitter, bringing our total audience to over 9,100. This growth is important considering many stakeholders are working remotely and relying increasingly upon social media as a source of information.

Facebook Growth in 2020

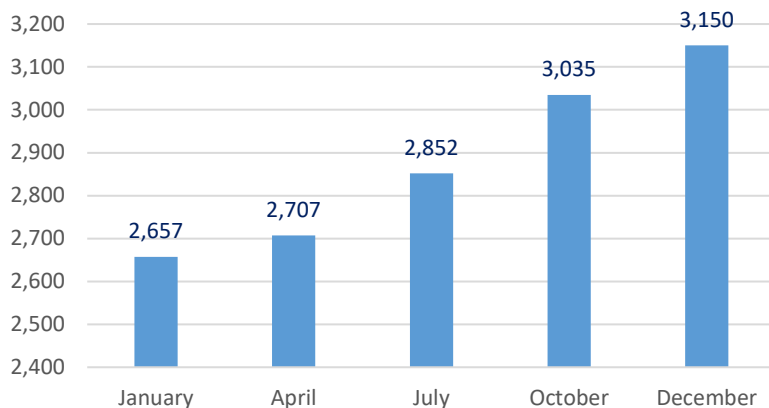


Total followers: 4,780

1<sup>st</sup> Quarter growth: +46, +1.1%  
2<sup>nd</sup> Quarter growth: +122, +2.8%  
3<sup>rd</sup> Quarter growth: +209, +4.7%  
4<sup>th</sup> Quarter growth: +113, +2.4%

2020 total growth: +490, +11.4%

Twitter Growth in 2020



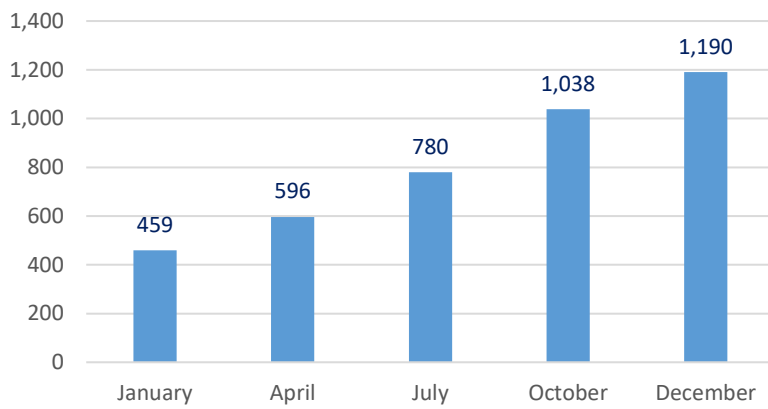
Total followers: 3,150

1<sup>st</sup> Quarter growth: +50, +1.9%  
2<sup>nd</sup> Quarter growth: +145, +5.4%  
3<sup>rd</sup> Quarter growth: +183, +6.4%  
4<sup>th</sup> Quarter growth: +115, +3.8%

2020 total growth: +493, +18.6%



### LinkedIn Growth in 2020



Total followers: 1,190

1<sup>st</sup> Quarter growth: +137, +29.8%

2<sup>nd</sup> Quarter growth: +184, +30.9%

3<sup>rd</sup> Quarter growth: +258, +33.1%

4<sup>th</sup> Quarter growth: +152, +14.6%

2020 total growth: +731, +159.3%



California Board of Accountancy

# ENFORCEMENT ACTIVITY REPORT

[www.cba.ca.gov](http://www.cba.ca.gov)

As of November 30, 2020

## COMPLAINTS RECEIVED

The California Board of Accountancy's (CBA) Enforcement Division receives complaints from both internal and external sources. Complaints received are issued complaint numbers and assigned a Complaint Type (CT) based on the initial matter identified. The CT may change as the case investigation proceeds and may result in multiple violations.

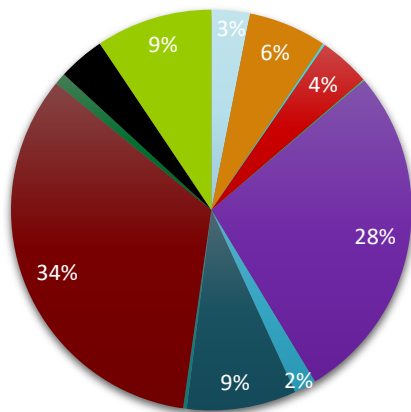
### Complaints/Records of Convictions Received

<b>FY 2020/21</b> (5 months of data)	<b>1,064 Received</b> – Internal 534 – External 530
<b>FY 2019/20</b>	<b>2,295 Received</b> – Internal 1,506 – External 789
<b>FY 2018/19</b>	<b>3,060 Received</b> – Internal 1,941 – External 1,119

- For the first five months of fiscal year (FY) 2020/21, the CBA received 1,064 complaints, with 50 percent of these complaints being internal referrals. The total number of complaints received during this time of the fiscal year has increased by 17 percent compared to the same time period in FY 2019/20.

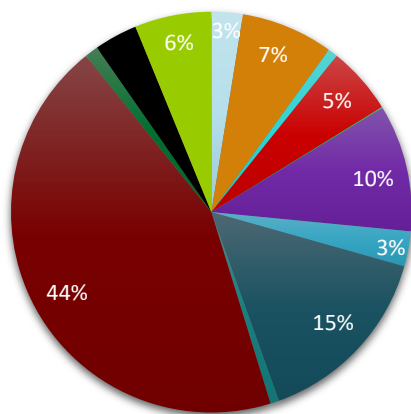
## COMPLAINT TYPES RECEIVED

### Fiscal Year 2020/2021



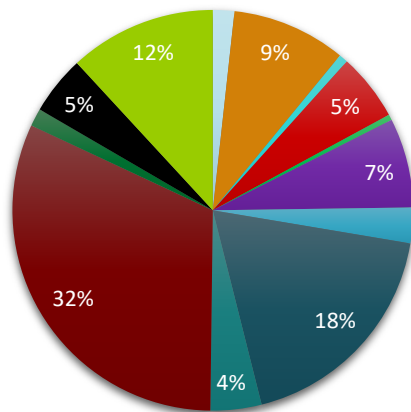
- Accountancy Licensee Database (33, 3%)
- Applications (67, 6%)
- Audit (2, >0%)
- Convictions and Subsequent Arrest (44, 4%)
- Employee Benefit Plan Audit (1, >0%)
- Other (293, 28%)
- PCAOB/SEC and Out-of-State (19, 2%)
- Peer Review Related (94, 9%)
- Practice Privilege (3, >0%)
- Renewal Deficiency (358, 34%)
- Reportable Events (10, 1%)
- Tax (40, 4%)
- Unlicensed Activity (100, 9%)

### Fiscal Year 2019/2020



- Accountancy Licensee Database (58, 3%)
- Applications (171, 7%)
- Audit (18, 1%)
- Convictions and Subsequent Arrest (125, 5%)
- Employee Benefit Plan Audit (2, >0%)
- Other (235, 10%)
- PCAOB/SEC and Out-of-State (65, 3%)
- Peer Review Related (348, 15%)
- Practice Privilege (16, 1%)
- Renewal Deficiency (1,010, 44%)
- Reportable Events (25, 1%)
- Tax (80, 3%)
- Unlicensed Activity (142, 6%)

### Fiscal Year 2018/2019



- Accountancy Licensee Database (53, 2%)
- Applications (282, 9%)
- Audit (22, 1%)
- Convictions and Subsequent Arrest (166, 6%)
- Employee Benefit Plan Audit (14, >0%)
- Other (221, 7%)
- PCAOB/SEC and Out-of-State (88, 3%)
- Peer Review Related (564, 18%)
- Practice Privilege (126, 4%)
- Renewal Deficiency (972, 32%)
- Reportable Events (44, 1%)
- Tax (145, 5%)
- Unlicensed Activity (363, 12%)

“Other” may include cases involving: Breach of Confidential Relationship, Advertising, Record Retention, and Fiscal Dishonesty. The volumes of these cases are low, and do not warrant individual categorization.

## INVESTIGATIONS

The number of complaints assigned for investigations and closed.

Investigations	FY 2018/19	FY 2019/20	FY 2020/21 5 months of data
Investigations Assigned	3,060	2,294	1,063
Investigations Closed	3,688	2,199	1,053
Average Days to Close	127	82	117

- The average number of days to close decreased from the last report, from 128 to 117.

Investigations Closed	FY 2020/21 5 months of data
Total Closed FY 2020/21	1,053
Closed within 0-6 Months	735
Closed within 6-12 Months	266
Closed within 12-18 Months	39
Closed within 18-21 Months	4
Closed within 21-24 Months	5
Closed >24 Months	4

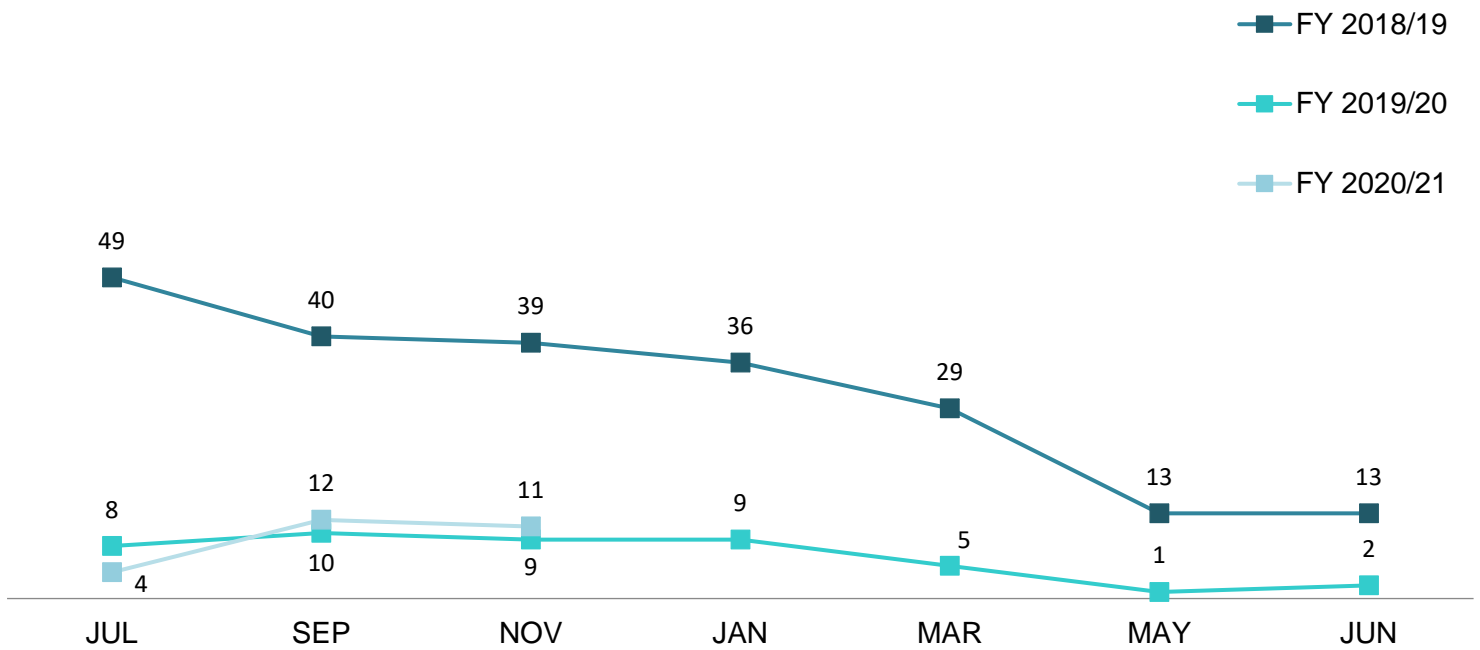
- Of the total 1,053 investigations closed during FY 2020/21, 70 percent were closed within six months from the initial complaint investigation date. Further, 1,001 investigations or 95 percent were closed within one year.

## INVESTIGATIONS PENDING

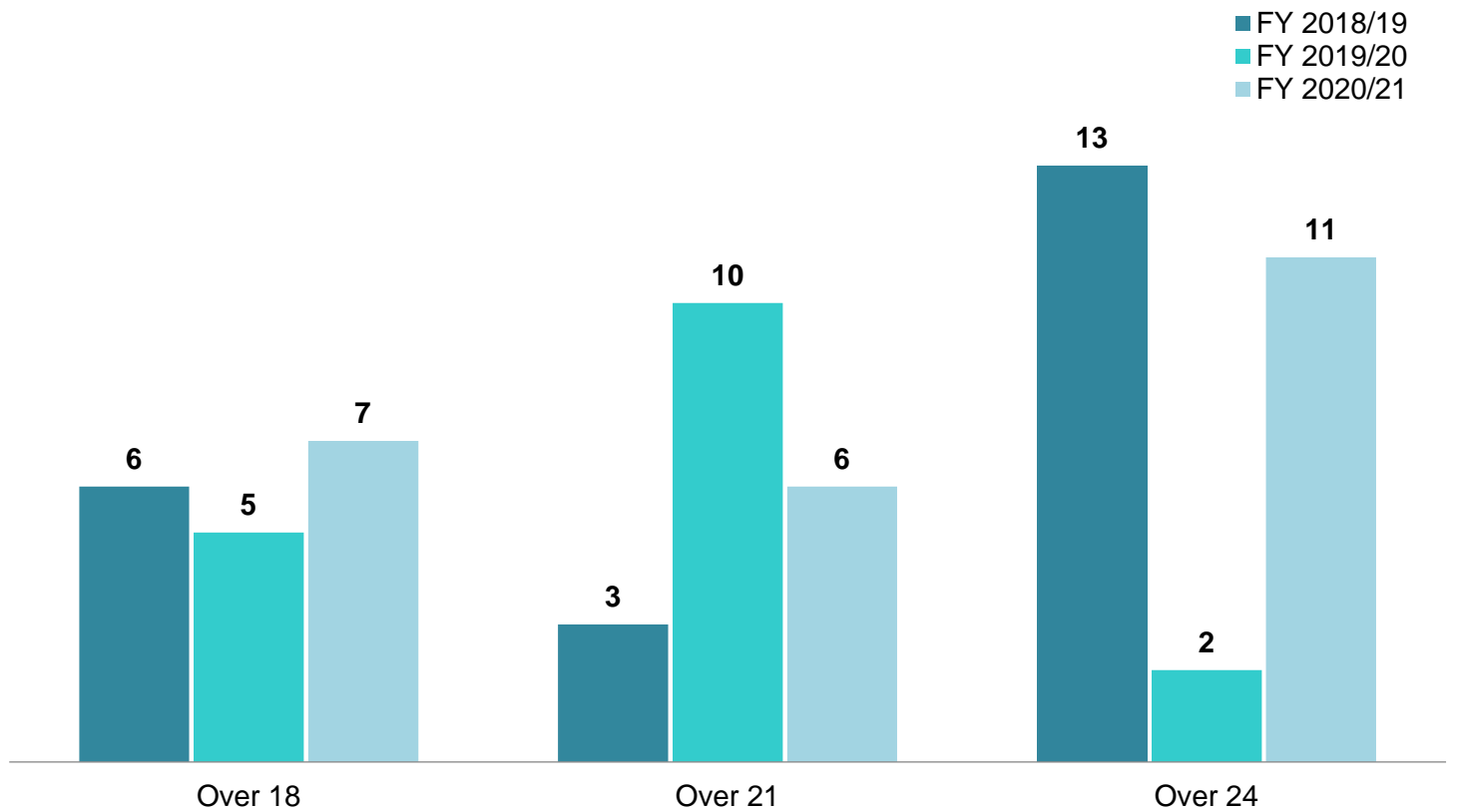
Investigations Pending	FY 2018/19	FY 2019/20	FY 2020/21 5 months of data
Total Investigations Pending	550	684	667
0-6 Months	447	446	500
6-12 Months	64	189	96
12-18 Months	17	32	47
18-21 Months	6	5	7
21-24 Months	3	10	6
>24 Months	13	2	11
Average Age of Open Cases (days)	125	169	143

- Of the total 667 pending cases as of November 30, 2020, 75 percent were less than six months old and approximately 89 percent were less than one year old.
- Staff worked diligently at the onset of the pandemic to handle the cases over 24 months. This focus created some cases in the 21-24 month category to age over 24 months. As a result, the number of cases over 24 months as of November 30, 2020, is 11.
- Of the 11 investigations pending over 24 months, staff have completed the investigation report for four cases, and the cases will be referred to the Attorney General's (AG) Office or closed prior to the next report.

## INVESTIGATIONS PENDING | OVER 24 MONTHS



## INVESTIGATIONS PENDING | OVER 18, 21, and 24 MONTHS

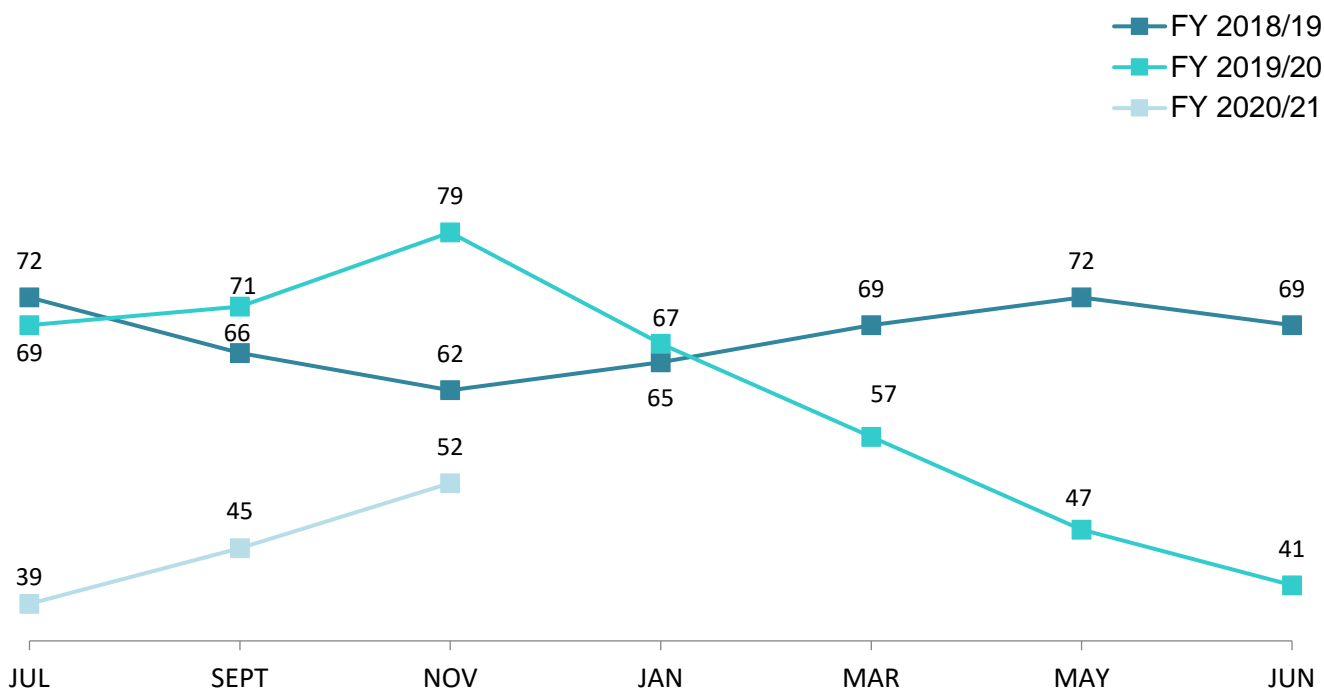


## DISCIPLINE

As part of its mission of consumer protection, the CBA referred matters to the AG's Office for imposition of discipline.

Discipline	FY 2018/19	FY 2019/20	FY 2020/21 5 months of data
Attorney General Referrals	79	51	27
Accusations Filed	68	53	9
Statement of Issues Filed	1	1	1
Petitions for Revocation Filed	6	4	0

## DISCIPLINE | COMPLAINTS PENDING AT ATTORNEY GENERAL'S OFFICE



- As of November 30, 2020, there were 52 complaints pending at the AG's Office. Staff work diligently to address aging disciplinary cases by actively monitoring for the filing of a Notice of Defense (NOD). If no NOD is received, staff request that the AG's Office prepare a default decision. When an NOD is received, staff work quickly to offer settlement terms and if a settlement cannot be reached, to set the matter for hearing.

## DISCIPLINE | AGE of COMPLAINTS PENDING at ATTORNEY GENERAL'S OFFICE

Pending at AG	FY 2018/19	FY 2019/20	FY 2020/21 5 months of data
<i>Total Pending at AG's Office</i>	69	41	50
0-6 Months	37	12	18
6-12 Months	23	17	20
12-18 Months	3	8	8
18-21 Months	1	3	3
21-24 Months	2	0	1
>24 Months	3	1	0

- Of the 50 cases at the AG's Office approximately 76 percent are less than 12 months old.

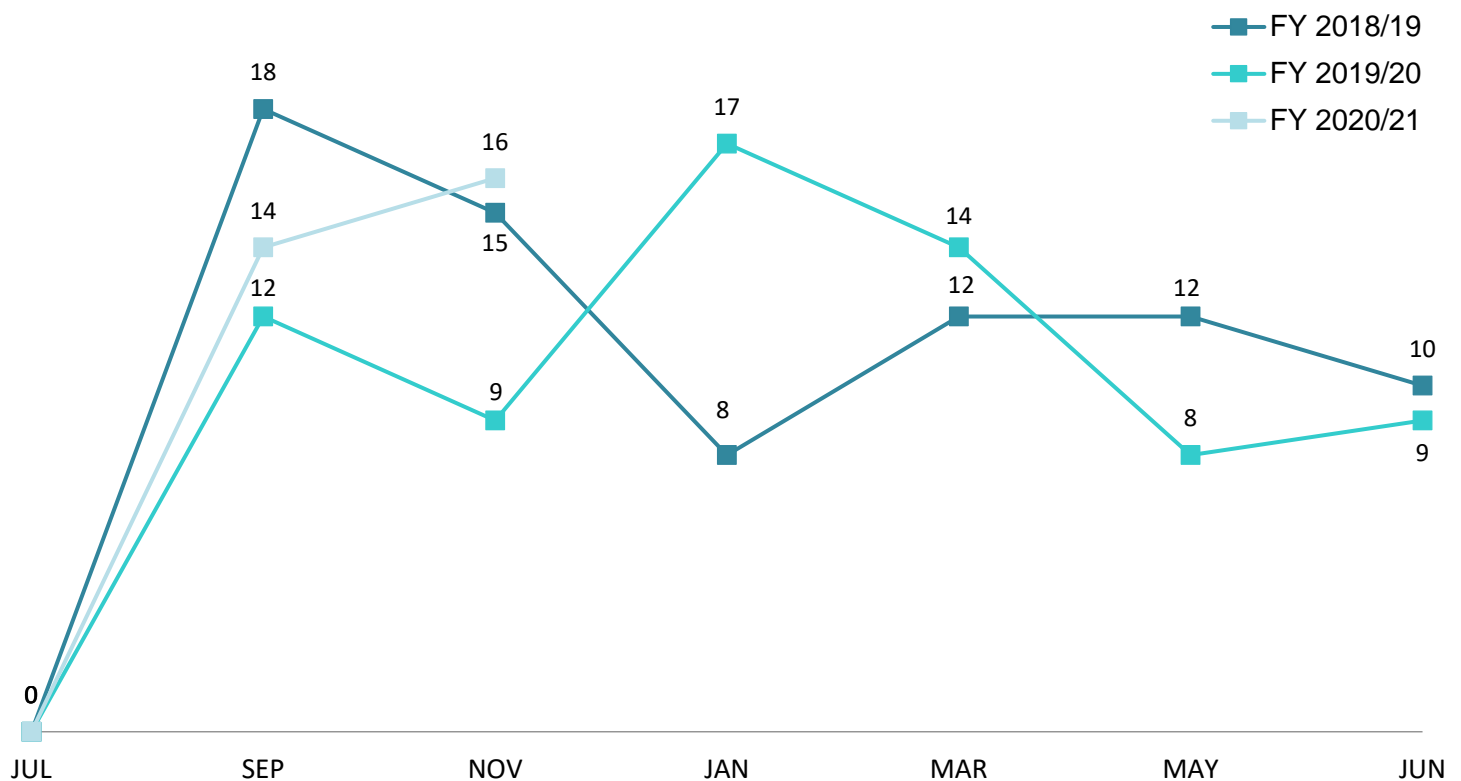


## DISCIPLINE | FINAL ORDERS

Disciplinary Actions	FY 2018/19	FY 2019/20	FY 2020/21 5 months of data
Final Decision Orders	75	69	16
– <i>Stipulated Settlement</i>	48	57	11
– <i>Proposed Decision</i>	6	6	3
– <i>Default Decision</i>	21	6	2

- As of November 30, 2020 the CBA took action on 16 matters, the majority of which were through stipulated settlements.

## DISCIPLINE | FINAL ORDER TREND



## DISCIPLINE | COST ORDERS

Pursuant to Business and Professions Code section 5107, the Legislature authorizes the CBA to recover investigation and prosecution costs. These costs include the time spent by staff to conduct the investigation and the time spent by the AG's Office to prosecute each case.



- Cost Recovery ordered has amounted to 35 percent of total investigation and prosecution cost.

## COST RECOVERY

Cost Recovery	FY 2018/19	FY 2019/20	FY 2020/21 5 months of data
Amount Ordered	\$321,110	\$630,538	\$86,899
– Number of Decisions	46	42	13
Amount Collected	\$315,253	\$227,756	\$62,759

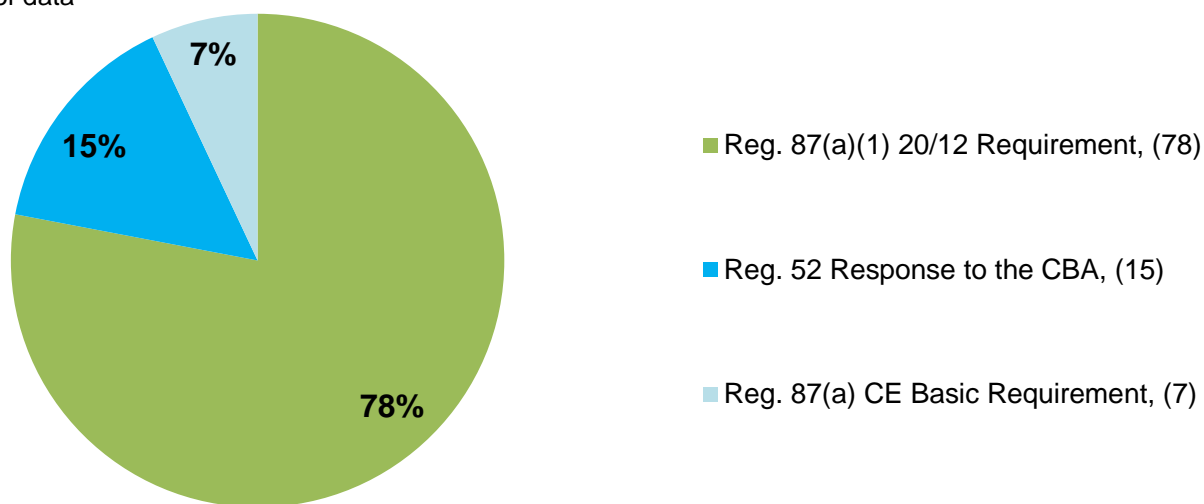
- Disciplinary cases resulting in ordered cost recovery are generally the result of a licensee placed on probation. Licensees typically pay cost recovery in monthly payments throughout the term of probation. As such the costs are paid within a two to two-and-one-half year timeframe.
- The “Amount Collected,” referenced above includes payments on cost recovery amounts ordered from both prior and current years. The “Amount Ordered,” reflects only the amount ordered in FY 2020/21 and will never reconcile with the “Amount Collected.”

## CITATIONS AND FINES

Citations	FY 2018/19	FY 2019/20	FY 2020/21 5 months of data
Total Citations Issued	517	174	145
Total Fines Assessed	\$155,950	\$49,275	\$38,050
Fine Average	\$302	\$286	\$262
Average Number of Days from Receipt of Complaint to Issuance of Citation	163	110	173

## CITATIONS AND FINES | FY 2020/21 TOP 3 VIOLATIONS

5 months of data



- The fine amount assessed varies from \$100 to \$5,000 and is determined on a case-by-case basis. Factors that may increase or decrease the fine amount include aggravating or mitigating circumstances, and length of time the violation occurred.
- The total number of citations issued for FY 2020/21 as of November 30, 2020 is 145. The average number of days from receipt of a complaint to issuance of a citation has increased since the last report, from 135 to 173.

## UNLICENSED ACTIVITY

Complaints received and initially identified to be “Unlicensed” CTs have matters involving CPAs or firms operating with an expired license, individuals without a CPA license, or unregistered accounting firms.

Complaints Received	FY 2019/20	FY 2020/21 5 months of data
Practice without Permit	57	69
Individuals without a CPA License	41	19
Unregistered Firms	44	12
<b>Total</b>	<b>142</b>	<b>100</b>

Investigations	FY 2019/20	FY 2020/21 5 months of data
Investigations Pending	65	123
-Referred to Division of Investigation	10	0
<b>Total</b>	<b>75</b>	<b>123</b>

Outcomes	FY 2019/20	FY 2020/21 5 months of data
Citations Issued	11	20
Closed for Compliance	173	48
Referred to District Attorney / Local Law Enforcement	2	0
<b>Total</b>	<b>186</b>	<b>68</b>

## FRANCHISE TAX BOARD | INTERCEPT PROGRAM

In FY 2015/16 the CBA began using the Franchise Tax Board (FTB) Intercept Program in an effort to collect unpaid administrative fines associated with the issuance of citations. The initial collection amount submitted to the FTB was significant and the pool of unpaid administrative fines dated back to FY 2011/12.

Between FY 2015/16 and FY 2020/21, the CBA referred to FTB, a total of \$352,500 of uncollected fees associated with the issuance of citations. By the end of FY 2019/20, on behalf of the CBA, the FTB retrieved \$82,831 of uncollected fees, resulting in a current balance of \$269,669 of uncollected fees.

FTB Intercept Program	FY 2018/19	FY 2019/20	FY 2020/21 5 months of data	BALANCE
Referred to FTB	\$21,050	\$18,500	\$1,300	\$352,500
Collected by FTB	\$7,480	\$4,872	\$0	\$82,831
Uncollected				\$269,669

## PROBATION MONITORING

Monitoring Activity	FY 2020/21
Numbers of Licensees on Probation as of Last Report	141
New Probationers Since the Last Report	2
Number of Probationer(s) Off Probation	7
Total number of Probationers	136
Out-of-State Probationers	17
Probation Orientations Held Since Last Report	4
Total Probation Orientations Completed	12
Number of Outstanding Orientations to Complete	0
Number of Practice Investigations Completed	0
Number of Scheduled Probations Orientations to Occur	0
Number of Work Samples Reviewed in FY 2019/20	0
Referrals to Revoke Probation	0

## PROBATION MONITORING | VIOLATIONS DETECTED

CPAs disciplined for various violations may be placed on probation for an ordered amount of time with required terms. To ensure probationers successfully fulfill their probationary terms, the CBA Probation Monitoring Unit continuously reviews individual probation files and identifies violations, notifies probationers, records all monitoring activities, and communicates with the probationers to obtain compliance with probation terms.

Violations detected for FY 2020/21 includes:

Probation Violation(s) Types	Detected
Cost Reimbursement	6
Obey All Laws	1
Submit Written Quarterly Report	11
Active License Status	2
Restricted Practice	0
Regulatory Review Course	0
Peer Review	0
Continuing Education	1
<b>TOTAL</b>	<b>21</b>

## DIVISION HIGHLIGHTS AND RECRUITMENT EFFORTS

The CBA Enforcement Division is recruiting for the following positions:

- Three full-time Investigative CPAs for the Technical Investigations Unit

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# CALIFORNIA BOARD OF ACCOUNTANCY LICENSING ACTIVITY REPORT

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July 1, 2020 – November 30, 2020

## Licensing Division Snapshot

Table 1: Fiscal Year (FY) 2020/21 (July 1 – November 30, 2020)

Applications Received	Count
First Time Exam	2,956
Repeat Exam	6,143
CPA License	1,561
Accounting Firms	169
Renewal	19,212
<b>TOTAL</b>	<b>30,041</b>

## Highlights

- The Licensing Division is currently recruiting to fill the following vacancies: one Program Technician II and three Seasonal Clerks.
- The transition from in-person to virtual Qualifications Committee (QC) meetings has allowed for more frequent subcommittee meetings in support of more frequent reviews of applications requesting attest designation.
- The Licensing Division continues to make progress with application processing times. As of December 3, 2020, the CBA is processing Exam applications within the 30 day goal and processing initial license applications within 56 days. The following describes successes and challenges associated with meeting that goal.

### Successes:

- **Acceptance of electronic transcripts:** Electronic delivery of transcripts is accepted from third-party services National Student Clearinghouse, Parchment, and Credential Solutions, eScrip-Safe, and The University of Texas, Austin. We will continue to add additional third-party transcript providers in the future. Transcripts received electronically are more readily available to staff who may be teleworking.
- **Acceptance of electronic experience forms:** Initial Licensing Unit (ILU) now accepts experience forms with e-signatures sent via email. (Note: The Renewal

and Continuing Competency Unit is also accepting e-signatures on renewal and status conversion forms.)

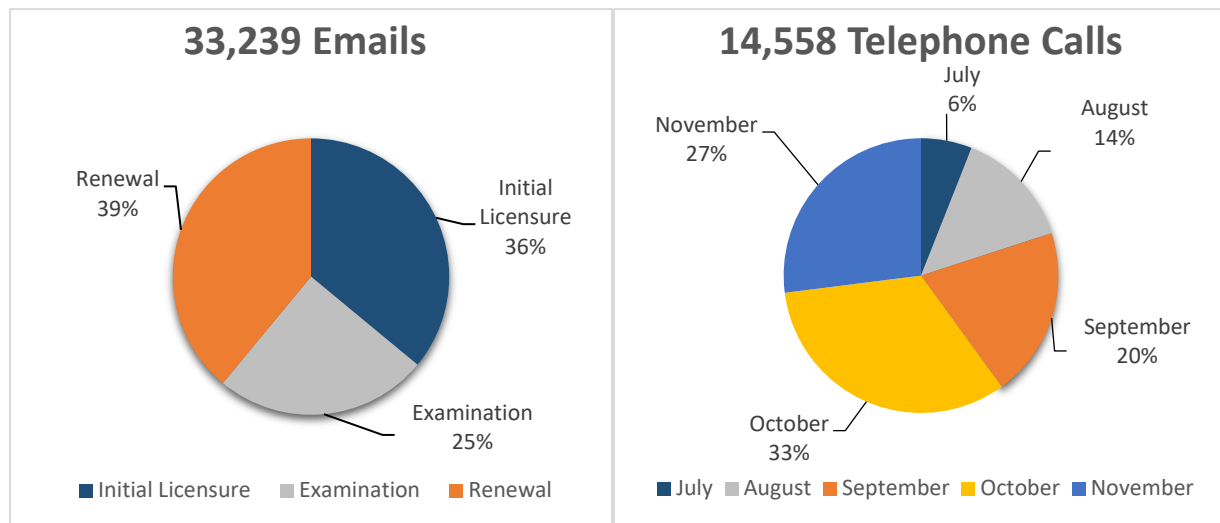
- **Gatekeeper system:** Management designated three staff to serve as gatekeepers. These gatekeepers created a tracking system for examination and initial licensing files checked out from the office for review during scheduled telework. This system provides a means for tracking and monitoring of file locations at any point in time.
- **Updated initial status letter:** After receipt of an application for CPA licensure, staff send an initial status letter to the applicant. The initial status letter is in the process of being updated to include a table identifying the required documents necessary for CPA licensure and the status of each (reviewed, met requirement, deficient, etc.). This initial status letter will more clearly describe what requirements have been met and what is deficient. Providing additional clarity in the initial status letter may result in fewer email/telephone inquiries; thus allowing staff additional time for the processing of applications.
- **Revised Inquiry Boilerplate Language:** Historically, Exam and ILU staff have utilized boilerplate email language to assist in quickly responding to frequently asked questions. The boilerplate language was recently updated to increase efficiency and consistency with inquiry responses and has allowed staff outside of the Exam and ILU units to respond to inquiries; allowing Exam and ILU staff additional time for the processing of applications.
- **Overtime:** Staff throughout the CBA continue to work overtime to assist with processing applications.

### **Challenges:**

- **Hardcopy files:** Although the CBA is continuing its Business Modernization project, presently all files are in hardcopy form. This has created logistical challenges when staff are working remotely.
- **Social Distancing:** The CBA is committed to the health and safety of its staff and have implemented reductions to in-office staffing and in-office protocols consistent with Governor Newsom's directives. The reliance on hardcopy files and implementation of social distancing has created a challenge with meeting the processing time goal. In the short term, the implementation of the gatekeeper process described previously and the scheduling of Exam and ILU staff to pick-up/drop-off application files has allowed for the continuation of application reviews. As stay-at-home orders are lifted and additional staff are scheduled in the office, this challenge will be resolved.
- **Staffing:** Effective July 2020, each full-time employee received a 9.23 percent reduction in pay in exchange for 16 hours of leave credits. The pay reduction is expected to be in place for two years, and staff are allowed to use the extra leave as it is earned. Once the stay-at-home order issued in December is lifted, the CBA will hire six seasonal staff to mediate the staffing challenge. The stay-at-home order will be lifted no earlier than January 1, 2021.



## Stakeholder Inquiries



## Uniform CPA Examination Statistics

Table 2: CPA Exam Statistics by Fiscal Year

Examination Request	FY 2018/19 Full Year	FY 2019/20 Full Year	FY 2020/21 July-Nov
First-Time Sitter	6,927	5,211	3,297
Repeat Sitter	15,742	13,640	5,526
<b>Approved to Test</b>	<b>22,669</b>	<b>18,851</b>	<b>8,823</b>

- As of November 30, 2020, staff identified 519 first-time CPA Exam applications with a deficiency where additional documentation was required from the applicant to approve their application. Among these deficiencies, the most common were related to the transcripts not including the conferral date of a bachelor's degree or a shortage of accounting units.
- The Examination Unit is currently processing first-time CPA Exam applications within 28 days of receipt.<sup>1</sup>

Table 3: CPA Exam Statistics as of November 30 by Fiscal Year

<sup>1</sup> Processing is defined as an initial review of an application where applicants either receive an approval to test or a deficiency letter identifying any outstanding items.

Examination Request	FY 2018/19 July-Nov	FY 2019/20 July-Nov	FY 2020/21 July-Nov
Received	2,657	2,819	2,956
<b>Approved to Test</b>	<b>3,686</b>	<b>2,989</b>	<b>3,297</b>

- For the first five months of FY 2020/21, the total number of first-time applications received increased by nearly five percent compared to the same period in FY 2019/20; from 2,819 to 2,956.
- For the first five months of FY 2020/21, the total number of first-time applications approved has increased by 10 percent compared to the same period in FY 2019/20; from 2,989 to 3,297.

## Initial Licensing Statistics

- As of November 30, 2020, staff identified 732 initial applications with a deficiency where additional documentation was required from the applicant to approve the application. Among these deficiencies, the most common were related to an education deficiency, fingerprint clearance results not received from Department of Justice, and incomplete applications.
- The Initial Licensing Unit is processing initial CPA license applications and accounting firm applications within 56 days of receipt.<sup>2</sup>

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<sup>2</sup> Processing is defined as an initial review of an application and other licensure requirements to ensure all applicants meet all qualifications.

Table 4: Initial CPA Licensure Statistics as of November 30 by Fiscal Year

Status	FY 2018/19 July-Nov	FY 2019/20 July-Nov	FY 2020/21 July-Nov
Received	1,552	1,537	1,561
<b>Total Approved</b>	<b>1,828</b>	<b>1,355</b>	<b>1,334</b>

- For the first five months of FY 2020/21, the total number of CPA applications received has increased by one and a half percent compared to the same period in FY 2019/20; from 1,552 to 1,561.
- For the first five months of FY 2020/21, the total number of CPA applications approved has decreased by less than two percent compared to the same period in FY 2019/20, from 1,355 to 1,334.

Table 5: Initial CPA License Approvals by Fiscal Year

License Type	FY 2018/19 Full Year	FY 2019/20 Full Year	FY 2020/21 July-Nov
Attest Authority	1,132	659	474
General Authority	3,268	1,936	860
<b>Total Approved</b>	<b>4,400</b>	<b>2,595</b>	<b>1,334</b>

Table 6: Initial Firm License Approvals by Fiscal Year

License Type	FY 2018/19 Full Year	FY 2019/20 Full Year	FY 2020/21 July-Nov
Corporation	173	279	90
Partnership	48	66	27
Fictitious Name Permit	84	169	50
Out-of-State Firm	49	82	31
<b>Total Approved</b>	<b>354</b>	<b>596</b>	<b>198</b>

## License Renewal Statistics

Table 7: License Renewal Statistics by Fiscal Year

License Type	FY 2018/19 July-Nov	FY 2019/20 July-Nov	FY 2020/21 July-Nov
CPA/PA	16,054	19,080	18,506
Accounting Firms	1,496	1,024	997
<b>Total Approved<sup>3</sup></b>	<b>17,550</b>	<b>20,104</b>	<b>19,503</b>

- The total number of renewals in FY 2020/21 is slightly less than the renewals at the same point in time in FY 2019/20.

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<sup>3</sup> Approved is defined as successful payment of the renewal fee.

Table 8: License Renewal Application Reviews

Review Outcome	FY 2020/21 July-Nov
Deficient <sup>4</sup> Applications	1,760
Non-Deficient Applications	3,542
<b>Total Reviewed<sup>5</sup></b>	<b>5,302</b>

- The Renewal and Continuing Competency Unit referred 357 cases to the Enforcement Division.

Table 9: Deficiency Outcomes as of November 30 by Fiscal Year

Deficiency Outcome	FY 2018/19 July-Nov	FY 2019/20 July-Nov	FY 2020/21 July-Nov
Resolved Deficiencies	1,375	335	1,140
Outstanding Deficiencies	195	20	664
<b>Total Deficiencies</b>	<b>1,570</b>	<b>355</b>	<b>1,804</b>

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<sup>4</sup> Deficient applications include those who were granted an extension to complete continuing education in response to the Governor's COVID-19 CE Waivers.

<sup>5</sup> Reviewed is defined as a review of the renewal application for completeness and to ensure that continuing education requirements have been met.

Table 10: Continuing Education Audits<sup>6</sup>

Review Outcome	FY 2020/21 July-Nov
Outstanding Audits	0
Resolved Audits	0
Enforcement Referrals	0
<b>Total Reviewed</b>	<b>0</b>

Table 11: Retired Status Applications

Status	FY 2020/21 July-Nov
Applications Approved	261
Applications Denied	10 <sup>7</sup>
<b>Total Received</b>	<b>271</b>

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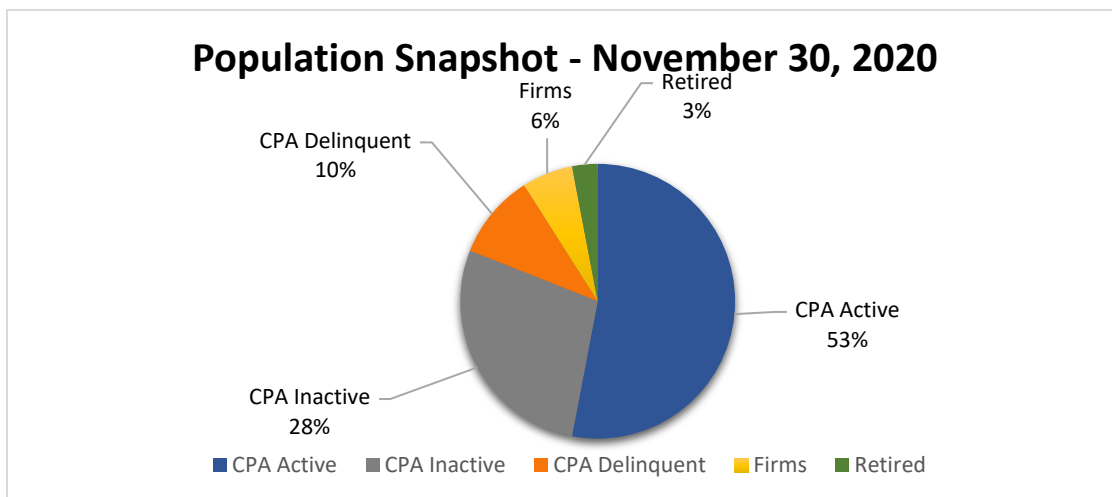
<sup>6</sup> Continuing education audits have been temporarily suspended during the COVID-19 pandemic.

<sup>7</sup> Retired Status Applications are most often denied because the licensee does not meet the qualifications set forth in CBA Regulation section 15.1.

## Population Statistics

Table 12: Population Statistics by Fiscal Year

License Type	FY 2018/19 June 30, 2019	FY 2019/20 June 30, 2020	FY 2020/21 November 30, 2020
Active CPA/PA	57,746	57,162	57,225
Inactive CPA	30,629	30,658	30,637
Delinquent CPA	9,333	10,973	11,108
CPA Retired	2,453	3,112	3,288
<b>Total CPA/PA</b>	<b>100,161</b>	<b>101,905</b>	<b>102,258</b>
Accountancy Corporations	4,358	4,242	4,282
Accountancy Partnerships	1,393	1,349	1,353
Out-of-State Firm Registrations	675	721	745
<b>Total Accountancy Firms</b>	<b>6,426</b>	<b>6,312</b>	<b>6,380</b>
<b>Grand Total</b>	<b>106,587</b>	<b>108,217</b>	<b>108,638</b>





**California Board of Accountancy**  
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**CBA Item IX.A.**  
**January 14, 2021**  
**DRAFT**

**DEPARTMENT OF CONSUMER AFFAIRS**  
**CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE**  
**November 19, 2020**  
**CALIFORNIA BOARD OF ACCOUNTANCY**  
**TELECONFERENCE MEETING**

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

California Board of Accountancy (CBA) President Nancy J. Corrigan, CPA, called the meeting to order at 10:03 a.m. on Thursday, November 19, 2020. The CBA held the meeting via teleconference, consistent with the provisions of Governor Newsom's Executive Order N-29-20 dated March 17, 2020. The CBA recessed at 12:45 p.m. The CBA reconvened at 1:41 p.m. until 2:59 p.m. The CBA convened into closed session from 3:07 p.m. until 5:25 p.m. President Corrigan adjourned the meeting at 5:25 p.m.

President Corrigan read the following into the record:

"The CBA's mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount."

CBA Members

Nancy J. Corrigan, CPA, President  
 Michael M. Savoy, CPA, Vice-President  
 Mark J. Silverman, Esq., Secretary/Treasurer  
 George Famalett, CPA  
 Mary M. Geong, CPA  
 Karriann Farrell Hinds, Esq.  
 Dan Jacobson, Esq.  
 Xochitl A. León

November 19, 2020

10:03 a.m. to 5:25 p.m.  
 10:03 a.m. to 5:25 p.m.  
 11:04 a.m. to 5:25 p.m.  
 10:03 a.m. to 5:25 p.m.  
 10:03 a.m. to 5:25 p.m.  
 10:03 a.m. to 5:25 p.m.  
 10:03 a.m. to 5:25 p.m.  
 10:03 a.m. to 5:25 p.m.



CBA Members

Luz Molina Lopez  
Carola A. Nicholson, CPA  
Zuhida "Dee Dee" Owens, CPA  
Ariel Pe  
Deidre Robinson  
Katrina L. Salazar, CPA  
Yen Tu

November 19, 2020

10:03 a.m. to 5:25 p.m.  
10:03 a.m. to 5:25 p.m.  
10:03 a.m. to 5:25 p.m.  
10:03 a.m. to 5:25 p.m.  
Absent  
10:03 a.m. to 5:25 p.m.  
10:03 a.m. to 5:25 p.m.

Staff and Legal Counsel

Carrie Holmes, Deputy Director, Board and Bureau Relations, Department of Consumer Affairs (DCA)  
Patti Bowers, Executive Officer  
Deanne Pearce, Assistant Executive Officer  
Rich Andres, Information Technology (IT) Staff  
Michelle Center, Chief, Licensing Division  
Elizabeth Coronel, Strategic Business Analyst, DCA  
Mary Kathryn Cruz Jones, DCA Executive Office  
Theodore Dracar, Deputy Attorney General (DAG), Department of Justice (DOJ)  
Emmanuel Estacio, IT Support Analyst  
Dominic Franzella, Chief, Enforcement Division  
Helen Geoffroy, Legal Counsel, DCA  
Patrick Ibarra, Information Officer II  
Amir Larian, Website Analyst  
Ryan Perez, DCA  
Rebecca Reed, Board Relations Analyst  
Mike Sanchez, Television Specialist, Office of Public Affairs, DCA  
Bill Zarriello, SOLID Trainer, DCA

Committee Chairs and Members

Douglas Aguilera, CPA, Chair, Enforcement Advisory Committee (EAC)  
Jeffrey De Lyser, CPA, Chair, Peer Review Oversight Committee (PROC)  
Kimberly Sugiyama, CPA, Chair, Qualifications Committee (QC)

Other Participants

Danette Brown, Administrative Law Judge (ALJ), Office of Administrative Hearings  
Jason Fox, Vice President of Government Relations, California Society of CPAs (CalCPA)  
Sedrik Newbern, Operations Director, National Association of State Boards of Accountancy (NASBA), Center for Public Trust  
Aaron Obenyah, Petitioner  
Ryan Sanjeet, Diamond Court Reporters

I. Public Comments for Items Not on the Agenda.

No public comments were received.

## II. Report of the President.

### A. Presentation From Sedrik Newbern, Operations Director, National Association of State Boards of Accountancy, Center for Public Trust, Regarding Ethical Leadership Certification and Training Programs.

Mr. Newbern provided a presentation regarding the NASBA Center for Public Trust's (CPT) Ethical Leadership Certification and training programs and how the Ethical Leadership Training is being utilized in disciplinary actions.

Mr. Newbern stated that the CPT has a great opportunity to help shape and encourage ethical leadership through the training programs that are being offered for college students and professionals.

Mr. Newbern stated that the ethical leadership program is designed for practitioners to recognize ethical issues. He stated that the ethical leadership training provides tools, education, and resources to help in the decision making process.

Mr. Newbern stated that there are currently 13 states, along with a special arrangement with North Carolina, utilizing the ethical leadership training program in response to disciplinary actions.

Mr. Newbern stated that the program helps to shape future behaviors, provides tools and resources to make ethical decisions, and it's easy for boards of accountancy to implement. He stated that there is no cost to the boards of accountancy and that the cost of the program is passed onto the practitioner.

Mr. Newbern stated that some of the features included are technical support 24 hours a day, seven days a week, the content is research based, the course utilizes a three-module training program, and is an auditable course with tracking and reporting components.

Ms. Salazar inquired if any of the proceeds from the fees that are charged for the training course go to assist future leaders in ethical decision-making.

Mr. Newbern stated that the proceeds from the course go to support the work the CPT does within their student programs. He stated that the CPT has 48 college campus organizations around the country and one in Guam.

Ms. Nicholson inquired of the 13 states that are utilizing the training, do those states require the training or if the training is optional.

Mr. Newbern stated that some of the states require the training to be completed as part of a disciplinary action and it is voluntary in other states. He stated that the states where they are seeing the most engagement and

the most success are the states that have required the training as part of a disciplinary action.

Mr. Jacobson inquired if any CBA members or staff have taken the training.

President Corrigan stated that not at this time. She stated that staff can look into the training considering its importance.

Ms. Molina Lopez inquired if the training can be taken for continuing education (CE) credit and not just to comply with a disciplinary action.

Mr. Newbern stated that the course was structured so that it could also be considered for CE credit. He stated that it would be something that each state would need to work with NASBA to make sure that the training follows a particular state's guidelines for qualifying CE.

Mr. Newbern stated that the training is not specific to CPAs and can be utilized by any professional to promote ethical leadership.

B. Update on Call With DCA Director Regarding General Fund Loans.

President Corrigan stated that she, along with Vice-President Savoy and Ms. Bowers, met with DCA Director Kimberly Kirchmeyer regarding concerns on the impact of the \$10 million loan from the Accountancy Fund.

President Corrigan stated that the effects of the loan include a decrease in the Months of Reserve level to 6.3 in fiscal year (FY) 2020-21, and a decrease to 5.1 for FY 2021-22.

President Corrigan stated that although the loan is scheduled for repayment with interest in FY 2024-25, Director Kirchmeyer provided assurances that the Director of the Department of Finance may authorize early repayment if deemed necessary in order to preserve the CBA's ability to carry out its consumer protection mandate and enforcement activities.

President Corrigan stated that the DCA Budget Office, as well as CBA staff will be monitoring the Accountancy Fund and continue to report on the CBA's fund balance at future CBA meetings.

C. 2021 California Board of Accountancy Member Committee Interest Survey.

President Corrigan provided an overview of the Committee Interest Form, which is used to appoint members to committees that assist the CBA with its consumer protection mission. President Corrigan stated that CBA Members should complete the Committee Interest Form, as the form will be used by the next CBA President to appoint members to the Committee on Professional Conduct (CPC), Enforcement Program Oversight Committee (EPOC),

Legislative Committee (LC), Mobility Stakeholder Group (MSG), and the CBA liaisons for the EAC, PROC, and QC.

D. Announcement of California Board of Accountancy Members and Staff Appointed to the National Association of State Boards of Accountancy Committees.

President Corrigan reported that the following CBA members were appointed/reappointed to a NASBA committee:

- Nancy J. Corrigan, CPA – Continuing Professional Education Committee
- Katrina L. Salazar, CPA – NASBA Board of Directors Pacific Regional Director
- Katrina L. Salazar, CPA – Chairperson of the Relations with Member Boards Committee
- Patti Bowers – Strategic Planning Task Force

E. Discussion and Possible Action on the American Institute of Certified Public Accountants Exposure Draft on the Proposed Interpretation of the American Institute of Certified Public Accountants Code of Professional Conduct – Staff Augmentation Arrangements.

Mr. Franzella stated that for this item, the CBA was being asked if they wish to issue a comment letter to the American Institute of Certified Public Accountants (AICPA) regarding the recent 2020 Exposure Draft on possible changes to the AICPA Code of Professional Conduct on Staff Augmentations.

Mr. Franzella stated that the CBA discussed the topic of staff augmentation at its July 2019 meeting. He stated the CBA directed staff to work with CBA Member, Katrina Salazar to draft a comment letter to the AICPA regarding the CBA's concerns with the staff augmentation proposal and the impact to the CBA's mission of consumer protection.

Mr. Franzella stated that after the July CBA meeting the AICPA took steps to reframe the concept of staff augmentation and staff monitored the topic for a revised exposure draft.

Mr. Franzella stated that the AICPA released a revised exposure draft and comments regarding the revised draft would be accepted through December 8, 2020. He stated that the revised exposure draft included safeguards designed to mitigate the impact on independence that could arise from staff augmentation.

Mr. Franzella stated that staff did not evaluate the proposal as it related to whether it is good policy, but have only looked at its applicability to existing CBA regulations. He stated that the impact to California as it pertains to

continued regulation should the AICPA adopt the proposed change outlined in the revised Exposure Draft, would be that the new interpretation to independence related to staff augmentation would be allowable. He stated that as with the first iteration of the AICPA proposal, the issues regarding enforceability remain, as the safeguards remain highly subjective and open to considerable interpretation, even with the revisions.

Mr. Franzella stated that as the CBA considers the 2020 exposure draft, members should consider the practical application of how the concept of staff augmentation would affect its mission of consumer protection and whether it advances or detracts from this overall mission.

Mr. Franzella stated that if the CBA wishes to issue a comment letter to the AICPA related to any perceived or demonstrable impacts to the CBA's mission of consumer protection, staff request that the CBA provide direction on information to include in the letter and assign a CBA member to work with staff in the preparation of a comment letter for signature by the CBA President.

Mr. Franzella stated that staff will continue to monitor possible adoption by the AICPA, and if the CBA believed it would adversely impact its consumer protection mission, the CBA could seek to amend or adopt a new regulation to offset the impact.

Mr. Franzella stated that NASBA issued a comment letter to the AICPA dated November 2, 2020 in support of the proposed interpretation of staff augmentation, as an appropriate position, neither allowing staff augmentation arrangements with safeguards, as proposed in the Exposure Draft dated December 7, 2018, nor imposing a complete ban on such arrangements.

Mr. Jacobson inquired why a client would need to hire from an independent accounting firm.

Mr. Franzella stated that he did not know the origin behind the staff augmentation proposal. He stated that in the exposure draft to some extent, there are some international standards that address it and the AICPA speaks to it in the proposal. He stated that the AICPA was trying to potentially create some conformity with those.

Ms. Salazar stated that this came about through the Professional Ethics Executive Committee (PEEC), which is a joint committee comprised of members of AICPA and NASBA. She stated that the understanding is that there are auditors today performing services in some of these areas and that this puts limitations on when an independent auditor is performing these services. She stated that the heart of the concern is why an independent auditor would be providing services and if their services are truly needed and are they already compromised. She stated that all of the revisions have be

an effort to protect consumers in narrowing the scope and the situations in which this is considered allowable and to give guidance that both boards of accountancy and practitioners can follow.

Ms. Molina Lopez stated that prior to NASBA's November 2, 2020 comment letter, they had expressed their concerns. She stated that per the November 2, 2020 letter, NASBA now supports the revisions that were made to the exposure draft. She inquired if this was going to soften the CBA's approach to the exposure draft.

Ms. Salazar stated that NASBA was originally opposed and there has been a great deal of advocacy on the side of the regulators within PEEC to push back and narrow the items that caused concern. She stated that there have been a series of letters from PEEC and the concerns stated in the letters have been incorporated into the revised exposure draft. She stated that there are further clarifications, even with the NASBA letters, that the CBA is requesting. She stated that the sentiment from NASBA is that in their support of the revised exposure draft is that there has been significant movement in the continuum towards consumer protection and a significant improvement in the narrowing of terms and situations in which this is allowable. She stated that even today, NASBA is saying that the AICPA and PEEC should continue making edits. She stated that at the annual NASBA meeting, NASBA requested that boards comment on the exposure draft because ultimately it is in the CBA's best interest to say whether or not the CBA believes this is acceptable practice.

President Corrigan stated that the responses to the exposure draft are very necessary and needed.

Mr. Franzella stated that the only thing he would continue to emphasize is there is still a significant amount of subjectivity to some of these issues. He stated that there are references in the exposure draft to rebuttal presumption, which puts the responsibility on the regulator to rebut why a position that the firm may have taken was inappropriate or failed to adhere to the guidelines. He stated that from an enforcement standpoint, there is a considerable level of subjectivity and could make it difficult to enforce. He stated that it is unknown how often this is used so it is unknown how often it would come to staffs attention.

Ms. Salazar inquired if the CBA had received any complaints regarding the appearance of lack of independence in these types of situations.

Mr. Franzella stated that there was one case that was litigated over several years and was just recently resolved. He stated that the case was related to independence and a staff person potentially jeopardized that independence because they were a contractor or working in a certain environment that jeopardizes independence. He stated that the CBA prevailed on that

particular matter. He stated that it is not a common issue that arises, but when it does, the safeguards we have in place now allow for a much more direct approach than what would be allowed for in the staff augmentation proposal.

Ms. Salazar stated that the issues she has heard the CBA express are the same issues that she has heard expressed by other boards which is how we would enforce the matter. She stated that ultimately that is the challenge. She stated that the CBA could comment on whether or not the CBA believes the exposure draft is moving in the right direction. She suggested that the CBA's letter should include language that states if the exposure draft is approved, the CBA would look to NASBA to provide some guidance to state boards on enforcing this because the nature of the current enforcement structure that the CBA has in place is not set up to handle this and would be problematic to enforce.

Ms. Molina Lopez stated that it would be beneficial for the comment letter to include the previous litigation case that took many years to resolve.

**It was moved by Ms. Molina Lopez and seconded by Ms. Salazar to direct staff to work with CBA Member, Katrina Salazar to draft and send a comment letter to the AICPA regarding the AICPA's Exposure Draft on the Proposed Interpretation of the AICPA's Code of Professional Conduct – Staff Augmentation Arrangements.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson and Mr. Silverman.**

**Abstain: None.**

**F. California Board of Accountancy 2020 Legislative Tracking Chart.**

This was a written report only.

**G. Department of Consumer Affairs Director's Report on Departmental Activities.**

Deputy Director Holmes reported that after a temporary closure in March due to state and local stay-at-home orders to prevent the spread of COVID-19, DCA offices remain open with preventative measures to safeguard the health and safety of employees and visitors. She stated the DCA continues to partner with the Governor's office and Business, Consumers Services, and

Housing Agency on statewide efforts related to awareness and enforcement of public health measures.

Deputy Director Holmes stated that the economic impacts of COVID-19 and unprecedented wildfire activities are expected to last for several years. She stated that DCA needs to take immediate action to reduce costs and maximize efficiency to support all of California. She stated that in April, DCA and all boards and bureaus worked to limit expenditures in hiring to only those necessary to support core functions and emergency response activities. She stated that this week, DCA learned the department will be required to take a five percent permanent budget reduction no later than FY 2021-22. She stated that each board and bureau will also need to develop a plan for a five percent permanent budget reduction.

Deputy Director Holmes stated that Board and Bureau Relations has conducted three brown bag trainings this fall to provide executive officers the opportunity to learn and discuss best practices on topics that include appointments, managing staff remotely, and providing Americans with Disabilities Act compliant meeting materials to board members and the public. She stated that in partnership with DCA SOLID Training Unit, board member orientation trainings have been held quarterly as remote sessions. She stated that a new training for board presidents is in the planning stages.

III. Report of the Vice-President.

A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee.

**It was moved by Mr. Savoy and seconded by Ms. Geong to reappoint Douglas Aguilera, CPA as Chairperson and appoint Kathy A. Johnson, CPA as Vice-Chairperson to the EAC effective January 1, 2021 through December 31, 2021.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson and Mr. Silverman.**

**Abstain: None.**

B. Recommendations or Appointment(s)/Reappointment(s) to the Qualifications Committee.



**It was moved by Mr. Savoy and seconded by Ms. Tu to appoint Mehrnaz “Nasi” Raissian, CPA as Chairperson and Michael L. Williams, CPA as Vice-Chairperson to the QC effective January 1, 2021 through December 31, 2021 and to reappoint Pradeep Budhiraja, CPA to the QC.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson and Mr. Silverman.**

**Abstain: None.**

**C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.**

**It was moved by Mr. Savoy and seconded by Ms. Salazar to appoint Renee Graves, CPA as Chairperson and Sharon Selleck, CPA as Vice-Chairperson to the PROC effective January 1, 2021 through December 31, 2021.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson and Mr. Silverman.**

**Abstain: None.**

**IV. Report of the Secretary/Treasurer.**

**A. Fiscal Year 2019/20 Year End Financial Report.**

Mr. Silverman reported that the CBA budget authority for FY 2019-20 was \$17,022,000. He stated that the actual expenditures for FY 2019-20 were \$14,779,356. He stated that the CBA finished FY 2019-20 with an approximate surplus of \$2.5 million or 15.5 percent of the CBA’s budget.

He stated that there was an increase in enforcement expenditures in FY 2019-20 due to the increase in the hourly rate for Attorney General’s Office services.

Mr. Silverman stated that the total revenues for FY 2019-20 were \$12,680,000, which was an increase of approximately 20 percent over FY 2018-19.

Mr. Silverman stated that the CBA ended FY 2018-19 with 18.3 months in the reserve fund and ended FY 2019-20 with 14 months in the reserve fund. He stated that the months in reserve will further decrease as a result of the \$10 million loan to the General Fund.

Ms. Nicholson inquired on the increase in other reimbursements from prior fiscal years.

Ms. Pearce stated that there are scheduled reimbursements and unscheduled reimbursements. She stated that the unscheduled reimbursements are monies that are received from enforcement matters. She stated that monies received from enforcement matters fluctuate from year to year.

Ms. Nicholson inquired if the CBA can save on travel expenses for CBA members in future years.

Ms. Pearce stated that there will be less travel expenses as the CBA transitions to virtual meetings, not only for the CBA, but also for the statutory committees.

V. Report of the Executive Officer.

A. Presentation of the California Board of Accountancy Annual Report.

Ms. Pearce stated that the CBA's Annual Report discusses the accomplishments of the CBA during the prior fiscal year as the CBA fulfills its mission of consumer protection. Ms. Pearce provided select highlights from the report.

Ms. Nicholson inquired if staff have been able to reduce the processing timeframes that were increased due to COVID-19 and the CBA office closure.

Ms. Pearce stated that there has been a significant decrease in the processing timeframes since the September CBA meeting. She stated that staff in all areas have been assisting the Licensing Division to decrease the processing timeframes.

B. Discussion and Possible Action Regarding Continuing Education Reciprocity.

Mr. Franzella stated that the purpose of this item is for the CBA to decide if they wish to seek any necessary law changes to enact policy to allow CPAs who are non-residents to meet the CE requirements of California by meeting

the CE requirements for renewal of the license in the state in which the licensee's principal place of business is located.

Mr. Franzella stated that members previously discussed the need to continue to require specified CE as it related to regulatory review and governmental auditing and accounting and auditing (A&A) CE.

Mr. Franzella stated that 33 jurisdictions maintain CE reciprocity, with three states maintaining authority to determine if the requirements of the other state are equivalent, two allowing for it if the other state maintains a CE ethics requirement, and one will adopt CE reciprocity when its CE requirement takes effect in 2021.

Mr. Franzella stated that in May of 2019, members appeared to be generally accepting of CE reciprocity provided it did not become overly burdensome and complicated to enact. He stated that members were especially interested in the impact on signers of attest reports completing the government auditing or A&A CE.

Mr. Franzella stated that California's CE requirements are dictated by the work licensees perform not on whether they received a license that authorizes them to sign reports on attest engagements. He stated that once the CBA issues a license with the authority to sign reports on attest engagements, the authority is not rescinded except as a result of a disciplinary matter where a decision and order includes a restricted practice provision.

Mr. Franzella stated that the requirements for governmental auditing and A&A CE, which if licensees are required to complete also necessitates the four-hour fraud CE requirement be completed. He stated that the completion of this CE is not predicated on whether a licensee was issued a license with or without the authority to sign reports on attest engagements. He stated that completion of this CE is predicated on the work performed during the two-year period immediately preceding license renewal.

Mr. Franzella stated that it is common for CPAs who are not authorized to sign reports on attest engagements to complete work that subjects them to completing governmental auditing or A&A CE.

Mr. Franzella stated that staff attempted to examine the possible population that may be affected should the CBA seek to institute CE reciprocity. He stated that the population of California CPAs that maintain an out-of-state address as their address of record is 13,500 and represents 13 percent of the licensee population. He stated that those numbers do not identify if the licensee possess another license in the state which they reside or whether they are actively practicing.

Mr. Franzella stated that as members consider CE reciprocity, staff do not have any recommendation on the overall policy, but does concur with members that any policy should minimize any carve outs. He stated that if CBA does seek to implement CE reciprocity, staff would recommend the only carve out being the regulatory review course.

Ms. Salazar inquired if CE reciprocity would reduce complexity and barriers to license holders in other states should they actually want to be licensed in California. She stated that California already has mobility and inquired if there would be a potential offset where California might become more attractive for CPAs to become licensed in California.

Mr. Franzella stated that while the CE rules in California are somewhat complex, they are also very flexible. He stated that the majority of CE licensees complete in other states is acceptable in California. He stated that the only time it becomes potentially burdensome to licensees is when licensees need to complete California specific CE which includes the two-hour regulatory review course which is required every six years and A&A CE when performing attest work. He stated that if a licensee is actively working in a field of accounting and auditing or government auditing, then they are required to meet those specified requirements.

Mr. Franzella stated that he is unsure on whether or not it would make this attractive to licensees maintaining an active California license or potentially applying for a license in California.

Ms. Tu inquired that with many things moving to a virtual platform, including CE courses, would this encourage licensees in other states to take CE courses from California and would this encourage out-of-state licensees to obtain a license in California.

Mr. Franzella stated that CE is not required to be taken in any specific way from a California vendor or a California specific provider. He stated that California CE requirements are placed on the licensee on selecting appropriate providers, which allows for a lot of flexibility for the licensee. He stated that the CBA has had either some form of self-study or webcast CE for self-study for quite some time and licensees have flexibility in the methodology in which they can complete their CE. He stated that while the pandemic has had significant impact in many ways, CE is something that is still readily available in terms of self-study and webcast.

Ms. Owens inquired on where the topic of CE reciprocity came from, the CBA or from practitioners.

Mr. Franzella stated that as we were coming out of practice privilege, mobility provisions and making those permanent, the CBA requested staff evaluate the CE reciprocity topic.

Ms. Salazar inquired that if a licensee practices in California under reciprocity, would the CBA's disciplinary guidelines allow the CBA to require a CPA to take certain CE courses as part of a disciplinary action.

Mr. Franzella affirmed that the disciplinary guidelines allows for the CBA to require a licensee to take certain CE courses as part of a disciplinary action when practicing under reciprocity. He stated that in terms of a stipulated settlement, it could easily be done on the CBA's side, but would be less recognizable for an ALJ and you would potentially get a lot of disparity. He stated that the CBA would either need to correct that at the time they are considering a proposed decision or move forward with whatever the decision states. He stated that of the other enforceability areas, it would be the structure that the CBA looks at in terms of it's carve outs because we are relying on another state to oversee their CE.

Ms. Salazar stated that she likes the idea of reciprocity but California has far more CE requirements than any other state. She stated that there is substantial equivalency between states. She stated that she likes the idea of states that require ethics CE because it is critical. She stated that there should also be a carve out for the regulatory review course. She stated that it is bothersome that the CBA's disciplinary guidelines might present some issues with an ALJ making a decision of discipline in a proposed decision because they do not have the tool to require specific CE as part of a decision.

Ms. Salazar requested that the topic of CE reciprocity be deferred until the CBA has a chance to review its disciplinary guidelines to make any necessary updates.

Mr. Franzella stated that if the CBA were overall supportive of the concept, staff would address the areas of concern with an overall package so if reciprocity were to be implemented, staff would also be updating the disciplinary guidelines to address the areas of concern.

Mr. Jacobson stated that the area of reciprocity seems complicated. He stated that if a CPA would like to work in California, then they should obtain a license in California or use mobility. He stated that it seems like we are adding work to staff that is unnecessary considering that other options are available for practitioners to work in California.

Mr. Fox stated that part of the CE reciprocity was a remaining topic for discussion after mobility was fully implemented. He stated that when you have more licensees that were licensed in multiple states for a variety of reasons, if there was an 80-hour CE requirement, licensees were taking 90 to 100 hours of CE to meet different requirements in various states. He stated that now under a mobility framework, there will probably be less licensees that are licensed in multiple states.

C. Update on the California Board of Accountancy's Communications and Outreach.

Ms. Pearce stated that the CBA took part in two virtual outreach events since the September CBA meeting. She stated that President Corrigan spoke to a statewide audience of students in CalCPA's "From Community College to CPA" event on September 24.

Ms. Pearce stated that on October 6, President Corrigan spoke to approximately 200 finance and accounting students from California State Polytechnic University (Cal Poly), Pomona at an event titled "Pathway to Licensure." She stated that after the presentation portion of the event, CBA staff conducted individual assessments with students reviewing their transcripts and providing guidance regarding the educational requirements for examination and licensure. She stated that Cal Poly Pomona has requested the CBA conduct two events in 2021.

Ms. Pearce stated that a list of Frequently Asked Questions about new legislation regarding California CPAs rendering services to cannabis businesses was recently added to the CBA website.

Ms. Pearce stated that staff are pursuing ways to maximize email communication with our licensees. She stated that a license renewal email campaign is one of the first projects with this purpose in mind. She stated that staff will be sending a series of emails to licensees at six-month intervals during their two-year license period providing valuable information about the renewal process. She stated that reminders to complete continuing education on time will be a significant part of the campaign and the goal is to educate licensees and reduce the volume of renewal deficiencies.

Ms. Pearce stated that the CBA is seeing increased traffic on its social media platforms. She stated that since the September CBA meeting, Twitter following surpassed 3,000, while LinkedIn now has over 1,000 followers. She stated that the Processing Dates Calendar updates continue to be popular posts, generating many comments and inquiries each week, and appreciative followers often thank CBA staff.

VI. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.

A. Enforcement Advisory Committee.

1. Report of the October 8, 2020, Enforcement Advisory Committee Meeting.

Report provided under agenda item VII.A.

B. Qualifications Committee.

1. Report of the October 21, 2020, Qualifications Committee Meeting.

Report provided under agenda item VIII.A.

2. Approval of the 2021 Qualifications Committee Meeting Dates.

**It was moved by Ms. Nicholson and seconded by Ms. León to approve the 2021 QC meeting dates.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. Leon, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson.**

**Abstain: None.**

C. Peer Review Oversight Committee.

There is no report on this agenda item.

VII. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Franzella provided an overview of this item.

Ms. Owens requested background regarding FY 2019-20 and the difference between cost recovery that was ordered and cost recovery that was collected.

Mr. Franzella stated that cost recovery is a rolling three year window and generally related to what was ordered in one year and what is being collected because probation generally lasts three years.

Ms. Salazar inquired regarding cost recovery, how it is reconciled to the budget number for the actual expenses for the year.

Mr. Franzella stated that staff will review and provide the information on a future report.

VIII. Report of the Licensing Chief.

A. Licensing Activity Report.

Ms. Center provided an overview of this item.

IX. Meeting Minutes.

- A. Adoption of the Minutes of the September 24, 2020, California Board of Accountancy Meeting.

**It was moved by Mr. Silverman and seconded by Mr. Pe to adopt the minutes of the September 24, 2020 California Board of Accountancy meeting, which included non-substantive edits that were noted after the minutes were received.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson.**

**Abstain: None.**

- B. Acceptance of the Minutes of the July 9, 2020, Enforcement Advisory Committee Meeting.
- C. Acceptance of the Minutes of the January 22, 2020, Qualifications Committee Meeting.

**It was moved by Mr. Silverman and seconded by Ms. Owens to accept items IX.B. and IX.C.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson.**

**Abstain: None.**

X. Other Business.

- A. American Institute of Certified Public Accountants.



1. Report on Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.

- a. Business Environment and Concepts Subcommittee.

President Corrigan reported she participated in the Business Environment and Concepts (BEC) portion of the Uniform Certified Public Accountant Examination (CPA Exam) at the AICPA October 7, 2020 virtual meeting. She stated that the purpose of the BEC Subcommittee is to review multiple choice questions and task-based simulations or problems for the BEC section of the CPA Exam. She stated that once per year, the BEC Subcommittee reviews and updates the BEC portion of the CPA Exam blueprint once a year.

- b. State Board Committee.

Ms. Salazar reported that at the October 21, 2020 meeting there was discussion regarding international testing, discussion regarding the roll out of remote testing, and security issues with remote testing. She stated that there was discussion regarding the new CPA Exam for licensure, which is planned to launch in 2024 and the intermediary steps involving model curriculums. She stated that the goal is to have those produced during 2021 for educators and then followed by exam blueprints. She stated that the exam blueprints, which reflect the changes, will go to all of the state boards for review and comment.

Ms. Salazar stated that the next meeting of the State Board Committee will be held on January 12, 2021.

B. National Association of State Boards of Accountancy.

1. Report of the National Association of State Boards of Accountancy Pacific Regional Director.

Ms. Salazar reported that there NASBA sent out a quarterly communications pack via email on November 13, 2020. She stated that the communications pack included a summary of all of the state board's responses to the Focus Questions that were submitted last quarter. She stated that this quarters Focus Question responses are due by January 5, 2021.

Ms. Salazar stated that NASBA put out webcast regarding remote testing and an invitation to attend the webcast was extended to all board members.

2. Report on Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member or Staff.

a. Report of the National Association of State Boards of Accountancy Annual Meeting held November 2 through November 4, 2020.

President Corrigan reported that the theme of the virtual NASBA Annual Meeting was resilience, which was appropriate given all of the changes in the accountancy profession and everything the world is going through with COVID-19.

President Corrigan stated that one of the highlights of the meeting include the Uniform Accountancy Act revision to place emphasis on information technology related courses and state board's responsibilities for recognizing accredited organizations. She stated that there was a presentation regarding what accrediting bodies do and the extent that state courts can rely on them.

President Corrigan stated that there was discussion regarding the new model CPA Exam. She stated the feedback from the CPA Exam candidates was positive. She stated that the biggest concern is with the academic world and making resources available to them to transition and update their curriculum to line up with the CPA Exam. She stated that a practice analysis will begin now and an exposure draft for public comment will be available in 2022.

President Corrigan stated that there was discussion regarding the changing business environment due to the pandemic and ethical challenges, which included remote auditing and screen sharing. She stated that they also discussed the impact of possible use of insecure networks, performing external services, and client situations during this time.

President Corrigan stated that there was discussion with the Alliance for Responsible Professional Licensing, which is an alliance that promotes a balanced approach to professional licensing. She stated that they also advocate for licensing practices within professions that deliver uniform qualifications, standards, safety, and consistency, while providing individuals with fair opportunities to pursue and maintain professional licensing careers. She stated that they want to represent the value of licensing and that is not a barrier and does not stifle growth.

President Corrigan stated that diversity was an important topic at the meeting. She stated that the North Carolina Agricultural and Technical State University model program discussed the need to increase the

pipeline of diverse CPA talent. She stated that they are looking into systemic barriers facing minority students. She stated that a new organization called the National Society of Black CPAs was established in June of 2020. She stated that the organization will be a resource for black candidates to promote the benefits of becoming and practicing as CPAs.

President Corrigan stated that the topic of remote exam testing and proctoring was discussed. She stated that it is labeled as Prometric Proctor Systems and is being considered with the question of whether this should just be applied only in times of emergencies when many testing sites are closed down and not available, or should it be generally available. She stated that some of the issues with remote testing are dealing with security, technology of linking into the prometric program from non-prometric sites, procedures needing to be established, and how to prevent cheating on the exam. She stated that state boards of accountancy will have an opportunity to consider remote testing and the degree to which it will be utilized.

President Corrigan stated that in July of 2021, the updated CPA Exam for the last practice session will become active. She stated that topics such as data analytics and technology will be stressed and other areas that were not relevant to the typical one to two years of completing the CPA Exam are being removed making the CPA Exam more relevant to present time.

President Corrigan stated that there was a legislative update at the meeting and two of the top ten issues impacting regulation of the accounting profession was budget and finance and occupational licensing issues.

President Corrigan stated that on the second day of the meeting she represented California and voted for the 2021 NASBA board officers and directors. She stated that she also voted on by-law changes. She stated that the third day of the meeting consisted of a meeting of board presidents and chairs and discussion included issues that each state was going through.

Ms. Salazar reported that during the meeting, there was a regional breakout session that included more than 30 participants. She stated that they discussed issues including model rules and webinars regarding remote testing. She stated that one of our neighboring states commented that they were starting to see the impact of a decline in peer reviewer population and their PROC is starting to have concerns. She stated that the CBA has been working with our own PROC regarding this issue.

Ms. Geong stated that since the previous NASBA meetings involved out-of-state travel expenses, it was difficult for members to receive approval to attend the meetings. She stated that she appreciated that this year's meeting was virtual which allowed all members to attend, if they wished. She stated that she was interested in hearing about the update regarding the new CPA Exam and the accounting education roles in the evolution to meet the new requirements. She stated that she was invited to sit on the San Francisco State University Accounting Department's Curriculum Advisory Board and she was able to bring information regarding the new CPA Exam to that committee.

b. Continuing Professional Education Committee.

There was no report on this agenda item.

c. Relations With Member Boards Committee.

There was no report on this agenda item.

d. Strategic Planning Task Force.

There was no report on this agenda item.

XI. Officer Elections.

A. Secretary – Treasurer.

**It was moved by Mr. Jacobson and seconded by Ms. Geong to reappoint Mark J. Silverman, Esq. as Secretary/Treasurer of the California Board of Accountancy.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson.**

**Abstain: None.**

B. Vice-President.

**It was moved by Ms. Molina Lopez and seconded by Ms. Nicholson to reappoint Michael M. Savoy, CPA as Vice-President of the California Board of Accountancy.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson.**

**Abstain: None.**

C. President.

**It was moved by Ms. Molina Lopez and seconded by Ms. Hinds to reappoint Nancy J. Corrigan, CPA as President of the California Board of Accountancy.**

**Yes: Ms. Corrigan, Mr. Famalett, Ms. Geong, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Ms. Owens, Mr. Pe, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Tu.**

**No: None.**

**Absent: Ms. Robinson.**

**Abstain: None.**

XII. Closing Business.

A. Agenda Items for Future California Board of Accountancy Meetings.

Mr. Jacobson requested a discussion regarding what is substantially related to the practice of public accounting be put on a future agenda.

Ms. Hinds also requested a discussion regarding what is substantially related to the practice of public accounting be put on a future agenda.

XIII. Petition Hearings.

A. John C. Gregor, CPA 48645 – Petition for Termination of Probation, Reduction of Penalty, and Reinstatement of Restricted Area of Practice.

The CBA heard Mr. Gregor's petition for termination of probation, reduction of penalty, and reinstatement of restricted area of practice.

B. Aaron Obenyah, CPA 123746 – Petition for Termination of Probation and Reduction of Penalty.

The CBA heard Mr. Obenyah's petition for termination of probation and reduction of penalty.

- XIV. Closed Session: Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy will Convene into Closed Session to Deliberate on the Above Petitions.
- XV. Closed Session: Pursuant to Government Code Section 11126(a)(1), the California Board of Accountancy Will Meet in Closed Session to Conduct the Annual Evaluation of its Executive Officer.
- XVI. Closed Session: Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Convene Into Closed Session to Receive Advice From Legal Counsel on Litigation.
  - A. *Sam Walker and Sam Walker CPA, Inc. v. Department of Consumer Affairs, California Board of Accountancy, and the Office of Administrative Hearings*, Los Angeles County Superior Court, Case No. BS171533.
  - B. *Lanfeng Zhao and ELZ Accountancy Corporation v. California Board of Accountancy*, Los Angeles Superior Court, Case No. 18STCP02951.
  - C. *Michael D. Robinson v. California Board of Accountancy*, San Francisco County Superior Court, Case No. CPF-19-516602.
- XVII. Closed Session: Pursuant to Government Code Section 11126(c) (3), the California Board of Accountancy Will Convene Into Closed Session to Deliberate on Enforcement Matters.

President Corrigan adjourned the meeting at 5:25 p.m. on Thursday, November 19, 2020.

\_\_\_\_\_  
Nancy J. Corrigan, CPA, President

\_\_\_\_\_  
Mark J. Silverman, Esq., Secretary/Treasurer

Rebecca Reed, Board Relations Analyst, and Patti Bowers, Executive Officer, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.



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**CBA Item IX.B.**  
 January 14, 2021

**DEPARTMENT OF CONSUMER AFFAIRS  
 CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE  
 October 8, 2020  
 ENFORCEMENT ADVISORY COMMITTEE MEETING  
 TELECONFERENCE MEETING**

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Douglas Aguilera, CPA, called to order the regularly scheduled meeting of the California Board of Accountancy (CBA) Enforcement Advisory Committee (EAC) at 9:05 a.m. on October 3, 2020. The EAC held the meeting via teleconference, consistent with the provisions of Governor Newsom's Executive Order N-29-20 dated March 17, 2020.

Mr. Aguilera read the following into the record:

"The CBA's mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount."

**Members**

Douglas Aguilera, CPA, Chair	9:05 a.m. – 9:43 a.m.
Thomas Gilbert, CPA, Vice-Chair	9:05 a.m. – 9:43 a.m.
William Donnelly, CPA	9:05 a.m. – 9:43 a.m.
Jackson Johnson, CPA	9:05 a.m. – 9:43 a.m.
Kathy Johnson, CPA	9:05 a.m. – 9:43 a.m.
Michael Johnson, CPA	9:05 a.m. – 9:43 a.m.
David Kral, CPA	9:05 a.m. – 9:43 a.m.
José Palma, CPA	9:05 a.m. – 9:43 a.m.
Nasi Raissian, CPA	Absent
Jim Songey, CPA	9:05 a.m. – 9:43 a.m.
Chris Tegtmeyer, CPA	9:05 a.m. – 9:43 a.m.

**CBA Members**

Luz Molina Lopez

CBA Staff and Legal Counsel

Ted Dracar, Deputy Attorney General, Department of Justice

Paul Fisher, Supervising Investigative CPA

Dominic Franzella, Chief, Enforcement Division

Denise Murata, Enforcement Analyst

Kari O'Connor, Enforcement Manager

Dorothy Osgood, Supervising Investigative CPA

Ben Simcox, Deputy Chief, Enforcement Division

I. Report of the Committee Chair (**Douglas Aguilera, CPA**).

A. Approval of the July 9, 2020 EAC Meeting Minutes.

**It was moved by Mr. Gilbert and seconded by Mr. Donnelly to approve the minutes of the July 9, 2020 EAC meeting.**

**Yes: Mr. Aguilera, Mr. Donnelly, Mr. Gilbert, Mr. J. Johnson, Ms. K. Johnson, Mr. M. Johnson, Mr. Kral, Mr. Palma, Mr. Songey and Mr. Tegtmeyer.**

**No: None.**

**Abstain: None.**

**Absent: Ms. Raissian.**

**The motion passed.**

II. Report of the CBA Liaison (**Luz Molina Lopez**).

A. Report on the July 23 and September 24, 2020 California Board of Accountancy Meetings.

Ms. Molina Lopez reported that due to Governor Newsom's Executive Order regarding COVID-19, the CBA and committee meetings have been conducted via WebEx. Until further notice, future CBA and committee meetings will be held using this format.

She reported that at its July 23, 2020 meeting, the CBA approved a comment letter to the National Association of State Boards of Accountancy (NASBA), in support of the Exposure Draft regarding the changes to the Uniform Accountancy Act's Model Rules that pertains to educational requirements for licensure. The proposed changes align with CPA Evolution and are in line with current CBA statutes and regulations regarding educational requirements.

Ms. Lopez announced that following a public hearing in June 2020, the CBA reviewed various comments regarding the proposal to amend the California Code of Regulations regarding the Disciplinary Guidelines, substantial relationship criteria, rehabilitation criteria for denials, suspensions, revocations, restorations, and



reduction of penalty and to adopt directly and adversely financial crime criteria. Following discussion of the comments, the CBA voted to approve additional modifications to the proposed language, which will be noticed to the public for an additional 15 days. She reported that the CBA directed staff to initiate a rulemaking to amend CBA regulations regarding continuing education requirements to establish a new learning methodology for Adaptive Learning Self Study and modifications to the Nano and Blended Learning methodologies.

Additionally, Ms. Molina Lopez stated that the CBA approved the Mutual Recognition Agreement to recognize members of the South African Institute of Chartered Accountants as having satisfied California's examination requirements upon successful completion of the International Qualification Examination. She also reported that the CBA also reviewed proposed legislation and took positions on legislative bills and maintained its current position on several bills that were discussed in prior meetings.

Ms. Molina Lopez noted that the CBA will hold its next meeting via WebEx on November 19-20, 2020.

### III. Report of the Enforcement Chief (**Dominic Franzella**).

#### A. Enforcement Activity Report (EAR).

Mr. Franzella provided an overview of this item. The report covered fiscal year (FY) 2019/20. He reported that the CBA received approximately 2,295 complaints. Additionally, 2,295 cases have been closed and the average days to close cases has decreased

Mr. Franzella stated that the CBA has referred 51 matters to the Attorney General's Office and taken disciplinary action on 69 matters in eleven months of FY 2019/20.

Mr. Franzella reported that the CBA has issued 174 citations during FY 2019/20.

#### B. Report on Accusations and Final Disciplinary Orders Effective June 1, 2020 to August 31, 2020.

Mr. Franzella reported on this agenda item. He noted that between June 1, 2020 to August 31, 2020, the CBA filed 19 accusations and took 43 disciplinary actions.

### IV. Public Comments for Items not on the Agenda.

No public comment was given.

### V. Adjournment.

Having no further business to conduct, the EAC meeting open session adjourned at approximately 9:43 a.m.

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Douglas Aguilera, CPA, Chair  
Enforcement Advisory Committee

Prepared by: Denise Murata, Enforcement Analyst



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**CBA Item IX.C.**  
 January 14, 2021

**DEPARTMENT OF CONSUMER AFFAIRS  
 CALIFORNIA BOARD OF ACCOUNTANCY**

**MINUTES OF THE  
 August 14, 2020  
 PEER REVIEW OVERSIGHT COMMITTEE  
 TELECONFERENCE**

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks.

Jeffrey De Lyser, CPA, called the meeting of the California Board of Accountancy (CBA) Peer Review Oversight Committee (PROC) to order at 11:04 a.m. on Friday, August 14, 2020. The meeting was held via teleconference consistent with the provisions of Governor Newsom's Executive Order N-29-20 dated March 17, 2020. The meeting adjourned at 12:37 p.m.

Mr. De Lyser read the following into the record:

*"The CBA's mission is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.*

*This mission is derived from the statutory requirement that protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount."*

**Members**

**August 14, 2020**

Jeffrey De Lyser, CPA, Chair	11:04 a.m. – 12:37 p.m.
Renee Graves, CPA, Vice-Chair	11:04 a.m. – 12:37 p.m.
Kevin Harper, CPA	11:04 a.m. – 12:37 p.m.
Alan Lee, CPA	11:04 a.m. – 12:37 p.m.
Iryna Oreshkova, CPA	11:04 a.m. – 12:37 p.m.
Fiona Tam, CPA	11:04 a.m. – 12:37 p.m.
Sharon Selleck, CPA	11:04 a.m. – 12:37 p.m.

**CBA Member**

Nancy Corrigan, CPA, CBA President

**CBA Staff**

Michelle Center, Chief, Licensing Division

Dominic Franzella, Chief, Enforcement Division

Sarah Benedict, Manager, Renewal and Continuing Competency Unit

Brandon Lee, Coordinator, Renewal and Continuing Competency Unit

**Other Participants**

Vinit Shrawagi, California Society of Certified Public Accountants (CalCPA)

Rose Turner, Legislative Analyst, Department of Consumer Affairs

Mr. De Lyser welcomed Ms. Corrigan, as CBA Member Liaison, to the PROC meeting.

I. Report of the Committee Chair

A. Approval of the February 14, 2020 Peer Review Oversight Committee Meeting Minutes.

**It was moved by Mr. Harper and seconded by Ms. Graves to approve the meeting minutes.**

**Yes: Mr. De Lyser, Ms. Graves, Mr. Harper, Ms. Tam and Ms. Oreshkova.**

**No: None.**

**Abstain: Ms. Selleck.**

**Absent: None.**

**Mr. Lee did not vote due to connectivity issues with the video conference platform.**

**The motion passed.**

B. Report of the July 23, 2020 California Board of Accountancy Meeting.

Ms. Corrigan noted that due to Governor Newsom's Executive Order regarding COVID-19, the July 23, 2020 CBA meeting was conducted via WebEx. Future CBA meetings will be held via teleconference until Governor Newsom lifts the order regarding public gatherings.

Ms. Corrigan further stated that:

- The CBA approved a comment letter to the National Association of State Boards of Accountancy or NASBA, in support of the Exposure Draft regarding the changes to the Uniform Accountancy Act's Model Rules that pertains to educational requirements for initial

licensure. The changes are in line with current CBA statutes, regulations and best practices regarding educational requirements.

- Following a public hearing in late June, the CBA reviewed various comments received regarding the proposal to amend the California Code of Regulations regarding the Disciplinary Guidelines, substantial relationship criteria, rehabilitation criteria for denials, suspensions, revocations, restorations, and reduction of penalty and to adopt directly and adversely financial crime criteria. Following discussion of the comments, the CBA voted to approve additional modifications to the proposed language, which will be noticed to the public for an additional 15 days.
- The CBA directed staff to initiate a rulemaking to amend CBA regulations regarding continuing education requirements to establish a new learning methodology for Adaptive Learning Self Study and modifications to the Nano and Blended Learning methodologies.
- The CBA approved the Mutual Recognition Agreement to recognize members of the South African Institute of Chartered Accountants as having satisfied California's examination requirements upon successful completion of the International Qualification Examination
- The CBA reviewed proposed legislation and took positions on legislative bills and maintained its current position on several bills that were discussed in prior meetings. If members are interested in reviewing any of the legislation that was discussed, they are listed on the pending legislation page of the CBA website.

The CBA will hold its next meeting via video conference on September 24-25, 2020.

C. Discussion Regarding Proposed 2021 Peer Review Oversight Committee Meeting Dates.

Mr. De Lyser presented on this agenda item. The PROC discussed and requested changes to the proposed meeting dates. The PROC recommended the following revised 2021 PROC meeting dates:

- February 12, 2021
- April 30, 2021
- August 13, 2021
- December 10, 2021

**It was moved by Ms. Graves and seconded by Ms. Oreshkova to approve the revised 2021 PROC meeting dates.**

**Yes: Mr. De Lyser, Ms. Selleck, Ms. Graves, Ms. Tam, Mr. Harper, Ms. Oreshkova.**

**No: None.**

**Abstain: None.**

**Absent: None.**

**Mr. Lee did not vote due to connectivity issues with the video conference platform.**

**The motion passed.**

**II. Report on the Peer Review Oversight Committee Oversight Activities Conducted Since February 14, 2020 and Future Activities.**

- A. Report on the California Society of Certified Public Accountants' Report Acceptance Body Meetings, the California Society of Certified Public Accountants' Peer Review Committee Meeting, and the American Institute of Certified Public Accountants' Peer Review Board Open Meeting.

This was a written report only.

- B. Report on the Peer Review Oversight Committee Oversight of Out-of-State Administering Entities and Revised Process (Colorado and Texas).

This was a written report only.

- C. Report on Notices Posted on the American Institute of Certified Public Accountants' and National Association of State Board of Accountancy's Websites Regarding Changes and Updates to the Peer Review Program.

This was a written report only.

- D. Assignment of Future Peer Review Oversight Committee Oversight Roles, Responsibilities, Activities, and Assignments.

Mr. De Lyser highlighted upcoming PROC oversight activities and requested PROC members to participate and accept new assignments for upcoming PROC oversight activities.

CalCPA Report Acceptance Body Meetings:

- August 25, 2020 at 9:00 a.m. – Ms. Oreshkova
- August 25, 2020 at 2:00 p.m. – Mr. Lee
- August 27, 2020 at 9:00 a.m. – Ms. Tam

CalCPA Peer Review Committee Meeting:

- November 19-20, 2020 – Ms. Oreshkova

American Institute of Certified Public Accountants (AICPA) Peer Review Board Open Meetings:

- September 2, 2020 – Mr. Harper
- November 11, 2020 – Mr. Lee

Out-of-State Administering Entities:

- Oregon and Hawaii – Mr. Harper and Ms. Graves

CalCPA Administrative Site Visit:

The PROC engaged in a discussion with Vinit Shrawagi of CalCPA regarding the annual administrative oversight visit previously conducted at the CalCPA office. Mr. Shrawagi recommended meeting with PROC members virtually to conduct the administrative site visit. Mr. Shrawagi suggested the PROC use their initial meeting with CalCPA to conduct their questionnaire regarding CalCPA procedures and to select a sample of peer reviews to be viewed at a later time.

Mr. De Lyser expressed concerns regarding the sharing of peer reviews virtually creating a public records issue. Mr. Shrawagi suggested that CalCPA remove identifying information prior to sharing. The PROC agreed that providing unidentifiable information would be an acceptable way to conduct the administrative site visit remotely.

Ms. Graves and Mr. Lee will continue to work with CalCPA and Mr. Shrawagi to conduct the administrative sight visit.

The PROC briefly discussed out-of-state administering entities oversight selection procedures and proceeded to assign oversight activities

III. Report of the Licensing Chief

- A. Report on the American Institute of Certified Public Accountants Peer Review Program Annual Report on Oversight, May 8, 2020.

This was a written report only.

- B. Report on the American Institute of Certified Public Accountants Peer Review Program, National Peer Review Committee, 2018 Annual Report on Oversight, Issued October 17, 2019.

This was a written report only.

- C. Report on the Results and Response Letters Regarding the Administrative Oversight of the American Institute of Certified Public Accountants' National Peer Review Committee.

This was a written report only.

D. Report on Peer Review-Related Statistical Monitoring and Activity Reports for Inclusion in Peer Review Oversight Committee Annual Reports.

Ms. Center reported on this item. She stated that the CBA sent a letter to American Institute of Certified Public Accountants (AICPA) requesting information regarding data trends the PROC noticed over the past three years of peer review data. The CBA received a response from AICPA stating that the AICPA cannot provide the clarification the PROC seeks, though they did provide some anecdotal explanations for the data trends.

Ms. Center stated that the 2019 PROC Annual Report was presented to the CBA in July and adopted unanimously. The CBA did not express any concerns about the statistics, nor did they ask for more data or analysis to be provided. Based on the positive response from the CBA, the upcoming PROC Annual Report will continue to include the following statistics:

- Number of reviews completed by month, and cumulatively for the annual reporting period by type (system vs. engagement).
- Number of reviews receiving a pass, pass with deficiencies, or fail rating cumulatively for the annual reporting period by type (system vs. engagements).
- Number of corrective action matters for such issues as overdue peer review reports and disagreements pending resolution.
- Number of firms expelled from the program.

Ms. Center stated that if the CBA requests the annual PROC report to include any additional data or analysis, the CBA staff will bring that request back to the PROC for implementation.

Ms. Oreshkova expressed concerns regarding the lack of statistical data and stated that the PROC needs statistics to be efficient and serve the public.

Mr. Harper agreed with Ms. Oreshkova that statistics are important to the peer review oversight process and recommended the PROC stay vigilant as things change with AICPA and the data becomes more available. Mr. Harper stated that anecdotal explanations are better than no explanations and he suggests the PROC continue to collect anecdotal information.

Ms. Corrigan stated that the issue of statistics has been ongoing for many years. Ms. Corrigan recommended that the PROC continue to maintain and develop a relationship with AICPA and that if the PROC would like to gather more data in the future, the PROC should bring the request to the CBA for permission.

Mr. Lee stated that statistics are important to the PROC and suggested that the PROC focus on California specific statistics by working with CalCPA.



E. Discussion on American Institute of Certified Public Accountants Peer Review Program Automatic Extensions.

Ms. Center reported on this item. She stated that the AICPA Peer Review Board approved automatic six-month extensions in response to the COVID-19 pandemic. The extensions are for all firms with review, corrective actions, and implementation plans originally due between January 1, 2020 and September 30, 2020. The extension provides firms an additional six months from their original due date. The extension does not impact the firm's year-end, which dictates engagements to be reviewed.

If a firm has not completed peer review at the time of the renewal, the CBA is asking them to write the extended due date on the top of their Peer Review Reporting Form at the time of renewal. A Peer Review extension will not delay or prevent a firm from renewing.

IV. Closing Business.

A. Public Comments for Items Not on the Agenda.

None.

B. Agenda Items for Future Peer Review Oversight Committee Meetings.

Mr. Harper recommended the PROC add a future agenda item to discuss training for PROC members.

V. Adjournment.

Having no further business to conduct, Mr. De Lyser adjourned the meeting at 12:37 p.m.

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Jeffrey De Lyser, CPA, Chair

Sarah Benedict, Renewal and Continuing Competency Manager, prepared the PROC meeting minutes. If you have any questions, please call (916) 561-4367 or email [Sarah.Benedict@cba.ca.gov](mailto:Sarah.Benedict@cba.ca.gov).



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**CBA Item X.B.3.**  
January 14, 2021

## **Discussion and Possible Ratification of Staff Responses to the National Association of State Boards of Accountancy's Focus Questions**

**Presented by: Rebecca Reed, Board Relations Analyst**

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### **Purpose of the Item**

The purpose of this agenda item is to present the California Board of Accountancy's (CBA) responses to the National Association of State Boards of Accountancy (NASBA) Regional Director's Focus Questions.

### **Consumer Protection Objectives**

NASBA assists the CBA with achieving its mission to protect consumers by creating a forum for state boards of accountancy to discuss relevant issues, ideas, and opinions, regarding consumer protection and the accounting profession.

### **Action(s) Needed**

No specific action is required on this agenda item, unless the CBA would like additional information provided to NASBA on the questions.

### **Background**

NASBA has informed staff that the Focus Questions are used to help NASBA Regional Directors stay apprised of each state's policies and procedures and to see where improvements or adjustments might be made. The eight Regional Directors review the states' answers and then present their findings to NASBA.

### **Comments**

The responses to the NASBA Focus Questions (**Attachment**) were prepared by staff from the Enforcement, Licensing, and Administration Divisions and has further been reviewed by Executive Officer, Patti Bowers and President Nancy J. Corrigan, CPA. Due to the date that the focus questions were due, staff provided NASBA with the answers to the focus questions on January 5, 2021. If the CBA wishes to add any additional information, staff will provide the information to NASBA.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

## **Discussion and Possible Ratification of Staff Responses to the National Association of State Boards of Accountancy's Focus Questions**

Page 2 of 2

### **Recommendation**

Staff do not have a recommendation on this agenda item.

### **Attachment**

NASBA Focus Questions

# FOCUS QUESTIONS

Attachment

Winter 2020 NASBA REGIONAL DIRECTORS' FOCUS QUESTIONS

Name of the person submitting form on behalf of the Board of Accountancy:

Rebecca Reed, Board Relations Analyst

Jurisdiction State:

California

Email address of person submitting form on behalf of the Board of Accountancy:

Rebecca.reed@cba.ca.gov

1. Has your discussed remote testing/proctoring and, if so, what was the outcome?

- ☐ Yes. If yes, please explain
- ☒ No.

2. Would a remote testing/proctoring presentation be helpful to your Board? **(Yes, please contact me/No, thank you)**

- ☒ Yes, please contact me. (The California Board of Accountancy (CBA) has already made contact and a presentation will be provided at the January CBA meeting.)
- ☐ No.

3. What are your Board's top agenda items/initiatives for 2021 (such as firm mobility, adoption of amended education rules, board diversity, etc.)?

- In 2021, the CBA will be actively continuing its Business Modernization Project, which it began executing in 2019. Initiated prior to COVID-19, the pandemic brought into greater focus the fact that having a larger number of operations available online would make processing more streamlined, especially given a new telework environment. To that end, the CBA is planning to move into the next phase of the project in 2021, and continue implementing new procedures to improve processes identified as outdated.
- The CBA aims to increase its outreach efforts in 2021. In 2020, as a response to COVID-19 and these overall changing times, the CBA shifted its outreach focus online, using multiple digital rather than in-person methods to communicate with consumers about the role and consumer protection mission of the CBA, educate

# FOCUS QUESTIONS

## Winter 2020 NASBA REGIONAL DIRECTORS' FOCUS QUESTIONS

applicants about the requirements for CPA examination and licensure, and to inform licensees about the requirements to maintain their license. The online format of these and future events provides the CBA with more flexibility and the opportunity to reach a larger audience. As these online platforms and events provide new access points for attendees, the CBA anticipates increasing these virtual events next year.

- After exploring the statutory or regulatory changes that would be necessary to allow candidates to take the Uniform CPA Examination (CPA Exam) prior to degree conferral, in 2020 the CBA sponsored Assembly Bill 2267 (Irwin). Unfortunately, due to the abbreviated Legislative session in California, that bill was tabled. However, the CBA is working with Assemblywoman Irwin, who plans to introduce this language once again in the 2021 Legislative Session. Presently, the CBA requires a candidate to have completed their Bachelor's degree and have the conferral reflected on their transcript prior to being authorized to take the CPA Exam, a process that can take several weeks following graduation and lead to many candidates missing the opportunity to take the CPA Exam in a timely manner following the end of their coursework.

4. Has your Board taken any disciplinary actions for failure to comply with IT security plans required by the IRS or other Federal agencies? **(None to date/Yes. If yes, please explain.)**

None to Date.

5. What is happening in your jurisdiction that is important for other State Boards and NASBA to know about?

Following the 2020 Legislative Session, California Governor Gavin Newsom signed Assembly Bill (AB) 1525, which takes effect January 1, 2021, and provides a "safe harbor" under state law for licensed individuals or firms that practice public accounting if they render services to licensed commercial cannabis businesses. The bill specifies that an individual or firm that practices public accounting pursuant to the Accountancy Act in the Business and Professions Code (BPC) "does not commit a crime under California law solely for providing professional accounting services" to persons licensed to engage in commercial cannabis activity.

6. How can NASBA be of assistance to your Board at this time?

The CBA does not need any assistance at this time.

# FOCUS QUESTIONS

## Winter 2020 NASBA REGIONAL DIRECTORS' FOCUS QUESTIONS

NASBA's Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled? Please check all that apply.

- ☐ Input only from Board Chair.
- ☐ Input only from Executive Director.
- ☒ Input only from Board Chair and Executive Director.
- ☐ Input from all Board Members and Executive Director.
- ☐ Input from some Board Members and Executive Director.
- ☐ Input from all Board Members.
- ☐ Input from some Board Members.
- ☐ Other (please explain).